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EVIDENCE



TAKEN BY THE

PUBLIC ACCOUNTS COMMITTEE

IN CONNECTION WITH

ICE BREAKING IN MIDLAND, TIFFIN AND
VICTORIA HARBOURS, 1910

No. 2—FEBRUARY 2, 1912



OTTAWA

PRINTED BY C. H. PARMELEE, PRINTER TO THE KING'S MOST
EXCELLENT MAJESTY

1912

MINUTES OF EVIDENCE

COMMITTEE ROOM No. 32,

HOUSE OF COMMONS,

FRIDAY, February 2, 1912.

The Select Standing Committee on Public Accounts met at eleven o'clock a.m., the chairman, Mr. Middlebro, presiding.

The committee proceeded to the consideration of a payment of \$5,500 to the Midland Towing and Wrecking Company in connection with breaking ice in Midland, Tiffin and Victoria Harbours, 1910, as set out at page N. 98, Report of the Auditor General, 1910-11.

Mr. CECIL FAIRFAX DOUTRE, purchasing agent, Marine and Fisheries Department, called, sworn and examined.

By Mr. Bennett (Simcoe):

Q. Mr. Doutre, the item in question is this—you will find it at page N. 98 of the Report of the Auditor General for the year ending March 31, 1910-11, 'Midland Towing and Wrecking Co., breaking ice in Midland, Tiffin, and Victoria harbours, 1910, \$5,500.' You will please turn up the correspondence in this connection and let me see it?—A. Here are the files, Mr. Bennett (producing file).

Q. Now, will you please read this letter, the first that seems to be on the file?—A. This is a letter to the deputy Minister from the Midland Towing and Wrecking Company (reads):—

'MIDLAND, ONT., November 21, 1910.

Mr. JOHNSTON,

Deputy Minister of Marine and Fisheries,
Ottawa, Ont.

Re Ice-breaking.

DEAR SIR,—The last few years we have had the contract of keeping the harbour open for allowing vessels to get into the different elevators, and as I have not heard from you so far this season I thought I had better write you *re* same.

We will keep the harbours of Midland, Tiffin and Victoria harbour open till the last steamer arrives for the sum of \$5,500.

Trusting this will meet with your approval.

Yours very truly,

(Sgd.) JAS. PLAYFAIR.'

Q. Now, will you please read the next telegram?—A. A telegram from F. W. Grant to Mr. Alex. Johnston, Deputy Minister of Marine and Fisheries, on November 30, 1910. (Reads):—

'Hope you will send instructions for ice-breaking Midland, Victoria as soon as possible to Midland Towing and Wrecking Company, who have had contract for last three years.

F. W. GRANT.'

Q. Who is F. W. Grant, is he an officer of the department?—A. No, he is attorney for the Midland Towing and Wrecking Company.

By the Chairman:

Q. What year is that telegram dated?—A. Last year, 1910.

By Mr. Bennett:

Q. Now, will you please read this telegram?—A. This is another telegram from Mr. Grant, dated December 3, 1910, addressed to Alex. Johnston, Deputy Minister of Marine, Ottawa. (Reads):—

‘Victoria and Midland harbours are frozen over and ice forming fast, six grain boats still to get in here and some will not be here for a week unless ice-breaking started at once it will be impossible to get these boats into port; am trying to locate Chew by wire, but fear he is away, some action should be taken at once.

F. W. GRANT.’

Q. Now, were any steps taken by the department to find whether this was so or not, as to whether boats were actually coming in there, or whether there was any ice, insofar as you know, is there anything in the correspondence?—A. I do not know without examining the file (examines file). There is nothing here to show that was so.

Q. Apparently from the record in the department, you were acting on the advice of the person wishing to obtain the work?—A. Just a moment, there is another file in connection with that matter, I do not know whether there is anything there. What is the date of that?

Q. That last one is dated December 3?—A. I do not see anything on the file.

Q. Will you read that letter please?—A. This is a letter from the Midland Towing & Wrecking Company to the Deputy Minister dated January 18, 1911. (Reads):

DEAR SIR,—Yours of the 16th to hand enclosing cheque for \$5,500, as per account rendered for keeping harbour open. Thanking you, &c.

Q. Can you give any explanation at all personally or from anything in the correspondence as to how the arrangement was made without any official of the department going up there to learn whether ice was forming or whether any boats were coming up?—A. I cannot give you any information along those lines except that I know that representations are made to the department every year.

Q. Come to this year. What representations had you this year?

HON. MR. PUGSLEY.—I think the witness should be allowed to answer that question.

WITNESS.—Every year, in the fall of the year, we receive representations from the different shipping companies, and also from the boards of trade at the different harbours where there is ice breaking to be done, that it is necessary for this work to be done. Now I do not know whether there is anything from them that year, in the fall of 1910.

By Mr. Carvell:

Q. Don't you find a report there from Mr. Anderson, the engineer of the department?

MR. BENNETT (Simcoe).—Yes, I have not taken that up yet.

WITNESS.—There are representations from the engineer of the department pointing out the necessity of ice breaking.

By Mr. Bennett:

Q. From whom?—A. The officers of the department.

Q. What officers?—A. Colonel Anderson and also Fraser. I am speaking of course from memory, and subject to correction, but I think I have their memorandum here before me.

Q. We will put that memorandum in. That is sent by Col. Anderson, will you read that to the committee?—A. This is a memorandum sent by Col. Anderson, addressed presumably to the deputy minister.

By the Chairman:

Q. What is the date of that?—A. December 2, 1910.

By Mr. Bennett:

Q. Will that be the recommendation on which action was taken?—A. I presume so, I think this is subsequent to the telegram. (Reads):

The Midland Towing and Wrecking Company have had a contract for some years past to break ice in the approaches to Midland and Tiffin. Last year the contract was renewed for one year under the following conditions: They were to receive \$3,200 to keep the two harbours and their approaches clear of ice up to midnight of the 13th of December. It happened that last year there was no ice up to that date and their contract was clear profit. This year they write to us proposing to keep the harbours of Midland, Tiffin and Victoria Harbour open till the last steamer arrives for \$5,500. I was able to get the file in this matter only to-day, therefore some delay has occurred in preparing this report. I question whether any such contract as this is desirable for Midland Bay. Any vessels arriving at these ports late with grain cargoes come from Lake Superior and the ice conditions in Lake Superior are so much more unfavourable than they are in Midland Bay that I cannot think the circumstances would make navigation impossible at Midland when it is at all possible at the head of Lake Superior. Another consideration is that there does not appear to be any rush of freight this autumn, and I doubt if freight cargoes will be shipped to Georgian Bay ports as late in the season as last year. With reference to the increased price named by Mr. Playfair, I would explain that Midland and Tiffin are in Midland Bay, whereas Victoria Harbour is another bay farther east than Midland, and if ice breaking were required the amount of work necessary would be practically doubled. The Midland Towing and Wrecking Company are undoubtedly the best equipped for doing this work. W. P. A., Chief Engineer. These are Colonel Anderson's initials.

Q. Is there anything else in the department on which the action of making the contract was taken other than this report of Col. Anderson?—A. There is nothing I see on the files.

Q. Was Col. Anderson up there?—A. I really cannot say.

Q. Had any officer of the department been there at all?—A. I do not know.

Q. There is nothing on the file to show that an officer went up there?—A. There is nothing on the file that an officer had been there, but Mr. Fraser, the assistant chief engineer is here, and perhaps he may be able to give you the information.

Q. Upon whose action was the contract entered into, so far as you can see from the correspondence, the minister's or the deputy minister's?—A. The deputy minister signed these telegrams. His name is on the telegrams, that is the custom of the department.

Q. Of your own personal knowledge you had nothing whatever to do with it?—A. Nothing to do with the making of the contract.

Q. How much was paid last year for breaking ice to December '11?—A. Nothing so far.

Q. Was any contract made in 1911?—A. No.

Q. Was any officer of the department up there in 1911 to see?—A. Yes.

Q. Who was?—A. I was there myself.

Q. Were any representations made to you as to vessels going up?—A. Yes.

Q. How many vessels were reported to be coming in?—A. Three, if I am not mistaken.

Q. Who reported that to you?—A. Mr. White and Mr. Playfair.

By the Chairman:

Q. Who is Mr. White?—A. Mr. White is an associate of Mr. Playfair's.

By Mr. Bennett (Simcoe):

Q. He is the vice-president of the company. Did you see Mr. Playfair too?—

A. I saw him on the following day.

Q. Did he assure you as to any vessels coming in at all?—A. No.

Q. Your business in going there had been to make enquiries and arrange?—A. We had received representations last year the same as we do every year from the companies that it was necessary to break ice, and there was one pressing telegram came, I think I have a copy of it here.

Q. From whom?—A. From Mr. Playfair. He was a large shipowner there. With the view of ascertaining whether it was really necessary I communicated with the C.P.R. as to whether they had any boats coming up. They reported that they had no boats out, that everything was being laid up. On December 4 I received a telegram. (Reads):

"Ice getting thick at Victoria Harbour and here, and boats due will not be able to get in. Will do the work for same amount as last year, kindly advise quickly."

I wired back, and we waited for several days in the hope of getting information. At that time, I may say that the weather was very mild, when this telegram was sent we had mild weather. I could not get definite information as to the number of boats coming in, so I went up there myself to ascertain the facts.

Q. Did you close the contract after you heard that these boats were coming in?—

A. No.

Q. Why not?—A. Because I was not certain that they were coming.

Q. Did you make enquiries from other sources?—A. On the following day Mr. Playfair arrived in town, and he said he had three boats that were chartered that were up the lake at the time, but that their charters did not call for the boats calling at Midland or Tiffin. But he did not know that at any moment the charterers might want to bring the boats in there.

Q. In the face of that you made no contract with him?—A. In the face of that I made no contract. I did not think the facts justified making any contract, particularly as the weather was very mild, it was raining hard.

Q. Have you learned since whether any boats came in?—A. I have never attempted to enquire.

Q. Now Col. Anderson, in this report refers, I think, to some prior arrangement, he had a contract for some few years past. Will you let me see that contract for some few years past, whatever that contract was, so that we may get to the foundation of this?—A. Here is a copy of the contract entered into in 1908.

Q. What did that provide for, how much?—A. \$3,200.

By Hon. Mr. Pugsley:

Q. That is for what?—A. The contract of 1908.

By Mr. Bennett (Simcoe):

Q. All this correspondence of Col. Anderson is based on the contract. I want to find out what that contract was. What year was that?—A. 1908.

By the Chairman:

Q. For Midland and Tiffin?—A. Just one moment, Midland and Tiffin only.

By Mr. Bennett (Simcoe):

Q. Tiffin is practically Midland Bay too?—A. I do not know, it is all there in the bay.

Q. What had been paid in that year. If you turn to November 30th, 1907, I think you will see?—A. \$4,000.

Q. Was that under contract?—A. That was \$4,000 to open the channel into Midland Harbour. That is what the letter says.

Q. Do you see a letter November 30th?—A. 1907?

Q. Yes?—A. That is the letter I have just referred to. It says: (Reads):

"I beg to notify you that your offer of November 20th to keep open the channel into Midland Harbour for the sum of \$4,000 has been accepted."

Q. Let me see that letter of November 20th?—A. Who from?

Q. From Playfair to the department.—A. November 20th.

Mr. BENNETT (Simcoe).—Put that one on, please.

By Hon. Mr. Pugsley:

Q. What is the date of that?—A. November 20th, 1907. It is addressed to Mr. B. H. Fraser, who is the assistant chief engineer of the department, and is signed by Mr. Playfair. (Reads):

'DEAR SIR,—*Re* keeping the harbour of Midland open, we will do this up to midnight of December 10, or a day or two longer for the sum of \$4,000, and will guarantee to do it in a satisfactory manner, so that steamers arriving will have no difficulty in getting to their respective docks. Trusting the above will meet with your approval, and kindly let me know your decision as early as possible so that I can make the necessary arrangements, and oblige.'

Q. Who is that addressed to?—A. That is addressed to Mr. Fraser.

Q. Which Fraser?—A. Assistant Chief Engineer of the department.

Q. Is that Fraser that is there now?—A. Yes.

Q. Then for that year the contract was \$4,000?—A. In 1907, yes, apparently.

By the Chairman:

Q. For Midland and Tiffin?—A. No, just Midland alone.

By Mr. Bennett:

Q. Just Midland alone?—A. Well, it is the only one mentioned.

Q. Now, will you please turn up a letter of December 3, 1907?—A. This is a letter addressed to Mr. Stanton, the present assistant Deputy Minister of the Department. (Reads):—

'MIDLAND TOWING AND WRECKING CO.

MIDLAND, ONT., December 3, 1907.

DEAR SIR,—Yours of the 30th received and contents noted.'

By Hon. Mr. Pugsley:

Q. Who was the letter from?—A. Mr. Playfair, of the Midland Towing and Wrecking Company. (Reads):

‘We will carry out the contract that you have awarded us and will endeavour to do it to the satisfaction of all concerned.

Yours very truly,

(Sgd.) JAS. PLAYFAIR.’

By Mr. Bennett:

Q. Now, please turn up the letter of December 16, 1907.—A. This is a letter signed by the Midland Towing and Wrecking Company, addressed to Hon. F. Gourdeau, Deputy Minister of Marine and Fisheries. (Reads)—

‘MIDLAND, ONT., December 16, 1907.

DEAR SIR,—Enclosed you should find invoice in triplicate for the keeping open of Midland harbour, so that all boats were able to enter or depart up to date without interference by ice or otherwise.

As Christmas is drawing near if we could receive a cheque from your department at an early date, it would greatly oblige and be much appreciated by,

Yours very truly,

Q. Who is it signed by?—A. The Midland Towing and Wrecking Company, D. L. White, and there appear to be the initials, Jr.

Q. Junior, I suppose it is. He is the Vice president.—A. Vice president.

Q. Is that the Mr. White we saw last fall?—A. I really could not say.

Q. You do not know the initials of Mr. White himself?—A. No.

Q. But he was connected with the Towing Company?—A. So he informed me.

This signature is marked junior, but this man is not a young man by any means.

Q. His father only died a little while ago.—A. This was a man of 55 or 60, I should say.

Q. Now turn up a letter dated November 16, 1908, from Mr. Grant of the department, and read it please?—A. This is a letter from F. W. Grant, addressed to the deputy minister, dated November 16, 1908. (Reads):—

DEAR SIR,—With reference to the ice breaking for Midland harbour for the current year, I beg to submit an offer of \$3,200, and will guarantee to keep Midland harbour and Tiffin harbour open for any boat that may wish to come in there between now and the close of navigation this year.

Yours very truly,

(Sgd.) MIDLAND TOWING & WRECKING CO., LTD.

Per F. W. GRANT.

Q. Where was that letter written?—A. Written at Ottawa.

Q. Now, will you turn to a letter, dated November 24, 1908, written by Mr. Grant to yourself, I think?—A. It is a letter addressed to me by Mr. Grant. (Reads):—

‘MIDLAND, ONT., Nov. 24, 1908.

CECIL DOUTRE, Esq.,

Purchasing Agent, Dept. of Marine and Fisheries,
Ottawa, Ont.

DEAR SIR,—I have been expecting to have some word from you with regard to contract for ice breaking at Midland and Tiffin. Since seeing you at Ottawa all the tugs have been kept in commission necessary for this work, and I will

be glad if you will advise us at once whether or not our offer will be accepted, as the expense is very considerable to us in keeping tugs in commission. If possible I wish you would wire to-morrow.

Yours truly,

(Sgd.) F. W. GRANT.

Q. Now please read a telegram dated November 26, 1908?—A. This is a telegram to the Midland Towing and Wrecking Company, Midland, Ontario, dated November, 26, 1908. (Reads):

‘Your offer keep Midland and Tiffin Harbours clear of ice accepted as long as any boats wish to enter. Making contract.

(Sgd.) C. DOUTRE,
Purchasing Agent.’

Q. Was there any competition invited at all?—A. There?

Q. According to the records.—A. No, we tried to but we did not succeed.

Q. Well, show us to what extent?

Hon. Mr. PUGSLEY.—Just explain please.

The WITNESS.—As usual when this letter came in on November 16th, I immediately wrote to John White, who is one of the officials of our department, the harbour master there, as follows: (Reads):

November 16, 1908.

‘DEAR SIR,—I wish you would kindly obtain offers from any of the towing and wrecking companies in the vicinity of Midland, to break the ice and keep the harbour open in order that any boats may reach the wharves. This service last year was performed by the Midland Towing and Wrecking Company, and as we have received their offer this year, there will be no necessity for asking this firm.

As it is desirable that this matter should be closed up with the least possible delay, I wish you would kindly obtain these offers with the least possible delay and write me fully.

This letter was signed by myself.

By Mr. Bennett:

Q. What reply did White make to that? I think you will see it in a letter dated November 21, 1908.—A. (Reads):

‘MIDLAND AGENCY, Nov. 21, 1908.’

Hon. Mr. PUGSLEY.—This is from the harbour master, is it?

The WITNESS.—This is from the harbour master. (Reads):

‘DEAR SIR,—Yours of November 16 received and looked into. The Midland Towing Company are the only Con.’

Meaning Contractors, I presume, it is abbreviated.

Or individual that have tugs that could be depended on to do the work satisfactorily. They have five large tugs, do nearly all the towing on this end of bay. There are some small tugs here from 21 to 50 tons register. Would not do. This company's tugs are from 100 tons register to 300 tons register. By the looks of the weather there will not be any length of time to break ice. It is now the 21st. Insurance runs out on Dec. 5 at midnight. Two months trip this season is all they can expect to do unless unusually fine weather and insurance

extended. Last boat in last year was Dec. 8. No great thickness of ice then and not likely to be more this year as it looks now.

Yours very respectfully,

(Sgd.) JOHN WHITE,
Harbour Master, Port of Midland.

CECIL DOUTRE, Esq.,
Purchasing Agent, Ottawa.

Q. Now read a letter dated November 24, 1909?—A. Is that one from myself, Mr. Bennett?

Q. From the department to the company, I do not know by whom it was written.—A. Well, there is a letter here of mine dated November 24, addressed to the Midland Towing and Wrecking Company. (Reads):

‘24th Nov., 1909.

GENTLEMEN,—I beg to inform you that it has been decided to renew your contract for breaking ice and keeping open the harbours of Midland and Tiffin up to midnight of the 13th day of December next, on the same terms as those of the contract entered into with you in December, 1908.

A contract will be prepared and sent to you for signature at an early date, but in the meantime you may prepare to proceed with the work if necessary.

Yours respectfully,

(Sgd.) C. DOUTRE,
Purchasing and Contract Agent.”

Q. Now, had there been any written request according to the file to have that done?

Hon. Mr. PUGSLEY.—While it would be quite proper for my learned friend to go into the amounts which were paid the previous year, I think he should be limited to that instead of going into all the details. You see we are not investigating accounts for 1909.

Mr. BENNETT.—I am not anxious. I am willing to let the matter go the way it is on the record.

By Mr. Bennett:

Q. Is there a letter on file dated 26th November, 1909, ~~after~~ the price?—A. One moment. In view of the fact that the last letter is going on the record, I may say that previous to that there is a memorandum here from the Chief Engineer of the department recommending the renewal of the contract. That is for 1909.

Q. Was that recommendation from Mr. Anderson?—A. It is signed by Colonel Anderson, and is as follows.—(Reads):—

“The policy of the minister is to continue this ice-breaking work. The Midland Towing & Wrecking Co. were the only bidders last year for the Midland work at \$3,200, and I know personally that they are best equipped for doing this work. I therefore recommend the renewal of the contract for this year.

(Sgd.) W. P. A.”

The memorandum is dated November 22nd, and the letter previously read is dated November 24th, two days afterwards, that is my letter.

Q. Turn up, if you please, a letter dated November 28th, 1909, from Mr. Grant to the department, there may be something in that?—A. November 28th? There is one here dated November 26th. That is from Mr. Playfair.

Q. What letter is that?—A. The letter is addressed to me and is as follows:—(Reads):—

"Dear Sir,—Yours of the 25th duly received and noted. Will proceed with the work as stated, and as soon as contract comes up will have it executed and returned. Thanking you for the contract, which we will endeavour to carry out to your satisfaction.

Yours truly,

(Sgd.) J. S. PLAYFAIR."

Now, what is the date of the letter you asked for?

Q. The date is November 28th, it is a letter from Grant to the department?—A. There is one here dated November 19th from Grant to the department.

Q. Is there not one of the 28th November?—A. It may be misplaced. What was the nature of it?

Q. Asking if the contract would be renewed?—A. Well now, in these letters I could not find it.

Q. Then it must be a mistake in date. Will you turn to a letter dated November 23rd, 1906, and say what was the price asked that year?—A. This is a letter from Mr. Grant addressed to Colonel Gourdeau, the then Deputy Minister of the Department, dated November 23rd, 1906. (Reads):—

MIDLAND, ONT., November 23, 1906.

COLONEL GOURDEAU,

Deputy Minister Marine and Fisheries,
Ottawa, Ont.

DEAR SIR,—I had an interview a few days ago with Mr. D. F. Fraser of your department in regard to a couple of accounts due the Midland Towing & Wrecking Co. for services performed last year.

The first account is for \$388.27. This tug was required by Mr. Fitzpatrick of your department for landing supplies and apparatus on Western Island, a bill of which we enclose. The tug was engaged for 9 days at \$40 a day. The balance of account was made up of \$8.27 paid Jeffrey & Co., and \$5 teaming supplies and help, with the further sum of \$15 given to Mr. Fitzpatrick himself. We believe this account has been certified by Mr. Fitzpatrick himself, but if this has not been done, no doubt he can recall each item.

The second account is for \$500 for keeping the tug in commission and keeping Midland Harbour open from the 27th of November to the 14th of December, that being the day last steamer arrived. While they were not definitely instructed by the department to undertake this work last fall, yet the year previous this company had done the same work at your request, and was paid for it, and there is no question that it was absolutely necessary last year again. Otherwise, these boats would not have been able to get in. We appreciate the position of doing work of this kind without definite instructions, but the officers of your department will recognize the necessity for undertaking it, and the delay and loss that might be caused in waiting for orders. The claim is perhaps more of an equitable nature, but we think you can quite satisfy yourselves as to the necessity for the work and the result of it.

You probably have on your files some correspondence in regard to this from the company itself, and if there is any further information or even declarations that you would require, I will do what I can to obtain them for you. Hoping to hear from you shortly with a remittance.

Yours truly,

(Sgd.) F. W. GRANT.

P.S.—I enclose copies of both bills.

Q. Is there an account attached to show it was a tug called the *Minnetaga* that did the work?—A. Yes, for \$500.

To keep tug *Minnataga* in commission keeping harbour open till the last steamer arrived on December 14, 1905, \$500.

Q. Now will you turn up a letter there of January 3, 1907.

By the Chairman:

Q. Does that letter say the same amount, \$500, as paid in 1905?—A. He says the same work, doesn't he (refers to letter and reads):—

'While they were not definitely instructed by the department to undertake this work last fall, yet the year previous this company had done the same work at your request and was paid for it, and there was no question that it was absolutely necessary last year again.'

Q. Then does it show what was paid the year before, was it the same price?—A. Well, this file does not go back that far.

By Mr. Bennett:

Q. On January 3, 1907, there is a letter from Mr. Grant to the department—by the way you say that letter was addressed to Mr. J. L. Fraser?—A. That last letter? No, I do not think so.

Q. No, the letter of November 23, 1906.

By Hon. Mr. Pugsley:

Q. That was addressed to Colonel Gourdeau, he said.

By Mr. Bennett:

Q. Well, we will see, November 23, 1906?—A. That is the letter I have just read.

Q. What about that J. F. Fraser or D. F. Fraser?—A. There was D. F. Fraser.

Q. There was no D. F. Fraser, there was J. F. Fraser?—A. There was J. F. Fraser, yes. I presume that would be J. F. Fraser, because he speaks of lighting supplies, Mr. Fraser was Commissioner of Lights.

Q. His name was J. F. Fraser, he is dead now?—A. Yes, he is dead now.

Q. He was let out by the department?—A. Yes, he was Commissioner of Lights. Was that man Fitzpatrick, referred to in the letter, your man, Mr. Fraser, or Mr. J. F. Fraser?

Mr. B. H. FRASER.—He was not mine.

By Mr. Bennett:

Q. Was there anything to show that the weather was very mild when you were setting the work done for \$500, and that it was severe when you were paying \$4,000?—A. No, I do not think there is anything on file to show that.

Q. You have nothing there to show that?—A. I cannot say, except this, that I understand that in these harbours the work that has been done latterly is more than double what it was when it first started.

Q. You are not speaking of your own knowledge as to that?—A. No.

Hon. Mr. PUGSLEY.—You asked him if he could explain why it cost more.

By Mr. Bennett:

Q. That is from the records?—A. It is not on the records, no.

Q. When the \$4,000 was paid it was simply for the Midland harbour?

By Mr. Fowler:

Q. For what year?

By Mr. Bennett:

Q. 1907, the year following, \$500?—A. What year was that?

Q. In 1906, it was \$500, and in 1907 it was \$4,000?—A. I will have to turn up the contract to answer that.

By Hon. Mr. Pugsley:

Q. Are you not wrong in saying it was in 1906 it was \$500? That was in 1905, there was no contract in 1906.

The CHAIRMAN.—In 1906 it was \$500.

Hon. Mr. PUGSLEY.—That would be in 1905, the account is dated November 23rd and it must relate to the previous year, because the ice-breaking would be after the 23rd of November?—A. I should think so, yes. We can turn up the account and see, what was the date of that, Mr. Bennett?

Mr. BENNETT.—Oh yes, that was for the year 1905.—A. The account was made up to December 30, 1905. 'To keeping tug *Minnataga* in commission and keeping the harbours open till the last steamer arrived on December 14, 1905, \$500.'

By Mr. Fowler:

Q. What was the bill for 1906?—A. I think it was \$4,000, I am speaking now from memory.

By Mr. Bennett:

Q. I saw a telegram there on the file dated December 16, 1907, will you please read that?—A. There is a telegram here addressed to D. W. Bole, M.P., signed by F. C. Belcher dated at Winnipeg on December 16, 1907—the telegram is rather mutilated, parts of it having been torn off at the margin. (Reads)

Whalen owner ice-breaker working holdup game moving boats at Port Arthur and Fort William understood government contract was keep twin ports open until" (it is torn here but I suppose it is) "December fifteenth, had boat ready to move Port Arthur to consolidated elevator Fort William yesterday but tug was out after light keepers and Whalen now asks five hundred and fifty dollars for job this is plain robbery can you do anything weather conditions have so far been very mild.

By Mr. Fowler:

Q. Is he still in the Department?—A. He was not in the Department at all.

By Mr. Bennett:

Q. This work at Port Arthur was along the same lines as the work in the past?—A. Yes.

Q. And that telegram was on file in the Department?—A. Yes.

Q. Criticising the work done by the contractors as robbery?—A. Yes.

Q. So that they had pretty fair notice of what was being done by the contractors?

—A. Oh no, I do not think that.

Q. You do not think that was fair notice?—A. Not under the circumstances because some of the boats coming into Port Arthur there as soon as they got inside might expect Mr. Whalen to tow them into the dock, but his contract did not call

for that, and we have had considerable trouble between ship owners and Mr. Whalen on that account. Evidently from that telegram some boat wanted to come into Port Arthur or Fort William and wanted to be towed to its berth. The contract for ice-breaking does not provide for towing the boats to their berths but for keeping the harbours open, the vessels must take their way to their berth under their own steam.

By Hon. Mr. Pugsley:

Q. This is a telegram to Mr. Bole who was then member-for Winnipeg?—A. Yes.

Q. And that telegram related entirely to a charge that the dredging company at Port Arthur—A. The Great Lakes Dredging Company.

Q. Made for towing. A. Or for some work of that kind.

Q. Which was not embraced in the contract with the Government?—A. I do not think so.

Q. And it was that charge that Mr. Bole was criticising as robbery?—A. We have had similar cases before.

By Mr. Fowler:

Q. Will you read that telegram again?—A. (Reads)

‘Whalen owner ice-breaker working holdup game moving boats Port Arthur and Fort William.’

The contract does not provide for the moving of boats within the harbours by the ice-breaker, the boats must move themselves

“understood Government contract was keep twin ports open until December fifteenth had boat ready to move Port Arthur to consolidated elevator Fort William yesterday but tug out after light keepers and Whalen now asks five hundred and fifty dollars for job this is plain robbery can you do anything weather conditions have so far been very mild.”

Evidently he wanted Mr. Whalen to move his boat.

Q. He doesn't say there that he wanted Mr. Whalen to do that?—A. The presumption is that he did because he says, “Whalen asks five hundred and fifty dollars for job.”

By Hon. Mr. Pugsley:

Q. For moving the vessel to the consolidated elevator?

By Mr. Fowler:

Q. Read that part again?—A. (Reads) “Boat ready to move Port Arthur to Consolidated Elevator Fort William yesterday but tug was out after light keepers and Whalen now asks five hundred and fifty dollars for job this is plain robbery.”

Q. You may draw several inferences from that.

By Hon. Mr. Pugsley:

Q. There cannot be any other meaning to it than that, can there, Mr. Doutre?—A. You can draw your own inferences, Sir.

By Mr. Bennett (Simcoe):

Q. Now, coming back again to that letter of November 29th, 1907, from Mr. Playfair to the department, will you please refer to that letter in which he says we will do the work for \$4,000?—A. Yes, this is the letter (turning to file).

Q. We have that letter on the record?—A. Yes, we put it on the record before, the letter from Mr. Playfair offering to keep the harbour at Midland open for the sum of \$4,000.

Q. And that was accepted by the department without any officer of the department making any inquiries whatever and no call being made for tenders?—A. Well, here is a memorandum by Col. Anderson in reference to that matter.

Q. Perhaps you had better read that?—A. Yes, here is a memorandum which is made out by Mr. B. H. Fraser, approved and forwarded by Col. Anderson.

Q. Which Mr. Fraser is that?—A. He is the assistant chief engineer of the department, and his memorandum was approved of by Col. Anderson. The memorandum is of considerable length and only part of it refers to this matter.

Q. Well, read the part that refers to it?—A. (Reads)—

I have received offers from responsible people in each place offering to keep the harbours open after ice makes and their offers will be found attached. The offers for Depot Harbour and Collingwood are very reasonable, but this is entirely owing to the fact that the tenderers are parties having buoy contracts in each of these places, who are obliged to keep their steamers in commission until the close of the season. At Midland the offer is very much higher. This is on account of the fact that Midland, being an extremely sheltered harbour, freezes over sooner than other ports on the lake, and local tugs are usually laid up earlier, consequently the department will have to pay for the services of one or more tugs continuously from the time they would usually be laid up. Last autumn the ice took early, and a great deal of difficulty was experienced in getting one or two boats into the harbour. There are also two elevators in Midland, situated about two miles apart, and it is necessary to keep communication open to both wharves. Under ordinary circumstances the price is not very unreasonable, but is possible that we might be able to have it reduced a little.

In connection with the work, I had a consultation with Mr. Gildersleeve, manager of the Northern Navigation Company, and his opinion is attached hereto. His letter as written is somewhat more moderate than his views expressed verbally to me.

Q. Tell me, what was the contract at Collingwood, and who had the contract? Mr. Playfair had the contract too for the buoys at Midland?—A. I do not know about that, the contract at Collingwood was \$300.

Q. Who had that contract?—A. Fisher & Montgomery are the names here—well. I am not sure that the contract was accepted, the contract was received, but that is before my time—yes, Fisher & Montgomery had the contract at Collingwood because here is a letter from the deputy minister, Colonel Gourdeau, acknowledging the receipt of their offer which has been accepted.

Q. What was the Parry Sound contract?—A. Clarence E. Pratt, apparently—oh, no, excuse me, Sir—

Q. That is the name of the man there?—A. No, this is for Depot Harbour.

Q. It is the same thing?—A. Oh, is that so. He got \$300, that is \$300 each for those two ports.

Q. Well, to your knowledge is not the harbour at Depot Harbour much more confined than it is at Midland, you have been there?—A. Well, I was only there once and that was for half a day.

Q. But you went into Depot Harbour?—A. Yes, we went in there that day.

Q. That is a most exposed place?—A. I really could not say, Mr. Bennett. Probably if I refreshed my memory I could tell you.

Q. After you leave Depot, at least the bay outside going by water?—A. I never came in by water.

Q. Well you cannot judge?—A. I went out in the harbour in a boat for a couple of hours.

Q. On those occasions there was never a man sent up at all to see the conditions and make enquiries as to the condition of affairs?—A. Oh, yes, I think Mr. Fraser could give you information on that point.

Q. Until last year when you went up, and there was no contract made, and the country didn't pay anything?—A. There are I think telegrams from Col. Anderson and Mr. Fraser.

Q. On personal visits?—A. I presume so.

By Mr. Davidson:

Q. There were no tenders or prices asked for?—A. A contract was entered into away back in 1905 or 1906.

By Mr. Bennett (Simcoe):

Q. The question is whether tenders were called for?—A. No.

By Honourable Mr. Pugsley:

Q. What year was the Harbour Master asked?—A. We endeavoured to get tenders in.

By Mr. Fripp:

Q. How many prices were received for that harbour, just one?—A. Just one. We wrote the Harbour Master to get tenders, but he wrote back and said they were the only people who could do the work, and that was confirmed by Colonel Anderson.

By Mr. Bennett:

Q. What horse power does the Harbour Master mention there?—A. He does not mention horse power, I think it is tonnage.

Q. I think he mentions fifty horse power tugs were available, while the tug that was doing the work had only 29 horse power.—A. I do not think it was horse power, I think it was tonnage. That was November, 1908. That was the first year I came into the matter and wrote the Harbour Master to obtain tenders from people locally, and he replied that these were the only people who could do the work. He speaks of tonnage, (Reads).

There are some small tugs here from 20 to 50 tons register would not do. This Company's tugs are from 100 tons register to 300 tons register.

Q. The one that did the work the *Minnataga* is 29 tons register.

By Honourable Mr. Pugsley:

Q. What do you call it, the *Minnataga*?

By Mr. Bennett (Simcoe):

Q. That would be in the year 1905?

By Honourable Mr. Pugsley:

Q. But this was in 1908, three years afterwards.

By the Chairman:

Q. Reading the last part of that letter I gathered it would not be necessary to enter into a contract at all if you acted on their advice. After reading Mr. White's

letter from the Harbour Master, who was the only person from whom they got information, would he not assume that he should not enter into a contract at all?—A. This letter was written on November 21st, and no man can tell what the weather is likely to be on November 21st. It says,

‘By the looks of the weather there will not be any length of time to break ice, it is now the 21st, insurance runs out on December 5 at midnight. Two more trips this season is all we expect to do unless unusually fine weather and insurance extended. Last boat in last year was December 8. No great thickness of ice then and not likely to be more this year as it looks now.’

That is November 21.

By the Chairman:

Q. Did you get any further information from any body as to the necessity of this expenditure other than that letter?—A. I did not enter into the contract, I don't think so.

Q. That is the only advice on which you acted that year?—A. That is the only advice on which the Department acted that year.

Q. Is not the inference of that letter of the Harbour Master to whom you wrote that he was of opinion that it was not necessary to have a contract for that year at that particular time?—A. Yes.

Q. Don't you think it would have been far better to have written again before you entered into a contract to ascertain whether it was necessary?—A. That might have been so.

Q. At any rate you had no further information as to the advisability?—A. There was Mr. Grant's offer, that was written on November 21, and Mr. Grant's offer was accepted by the Department on 26th November.

Q. Five days afterwards. Was there anything intervening between the time you got the letter from the Harbour Master in which he says practically it is not necessary to enter into a contract and the time you let the contract, to change your mind?

By Hon. Mr. Pugsley:

Q. He does not say it is not necessary.

The CHAIRMAN.—That letter in my opinion would not be a justification for entering into a contract. What I asked was, was there any information later than that which would have justified them entering into a contract.

Hon. Mr. PUGSLEY.—That would be a fair question, but what I objected to was the question whether any further enquiry was made after the Harbour Master stated it was not necessary to make a contract.

The CHAIRMAN.—It will be for the Committee to judge whether that is what the letter suggests.

By Mr. Bennett:

Q. Now the advice of the Department as to the necessity of vessels coming always from the Company's solicitor according to the record?—A. Yes, according to the record, it appears that very few letters are sent by Mr. Playfair, the majority are sent by Mr. Grant.

By Mr. Fripp:

Q. Who was Mr. Grant?—A. Their solicitor, evidently.

By Mr. Bennett (Simcoe):

Q. Apparently from one letter written from Ottawa, when he could not work the oracle from Midland, he comes down here and sees the Department.

Hon. Mr. PUGSLEY.—That is scarcely a proper question to put to the witness.

By Mr. Fowler:

Q. Did Mr. Grant between dates, the 21st and the 26th, come to the Department for the purpose of inducing them to make this contract?—A. No, I do not think so, because Mr. Grant wrote on November 24th. He evidently returned home after he visited Ottawa on November 16th. (Reads)

"I have been expecting to have some word from you with regard to contract for ice-breaking at Midland and Tiffin," he strikes out 'Victoria Harbour' 'Since seeing you at Ottawa all the tugs have been kept in commission necessary for this work, and I will be glad if you will advise us at once whether or not our offer will be accepted, as the expense is very considerable to us in keeping tugs in commission.'

Q. That is November 24th?—A. Yes.

Q. And two days after getting that letter you let the contract?—A. That letter came in on November 24th, and the Midland Towing and Wrecking Company's offer was approved on the 26th.

Q. In consequence of receiving that letter on the 24th evidently?—A. I do not know whether that had any bearing on it or not.

By The Chairman:

Q. Is the head office and the head quarters of the Midland Towing and Wrecking Company right at Midland?—A. Yes.

Q. They lay up their boats at Midland?—A. At Midland.

Q. So that when they were asked by your Department, when it became absolutely necessary to do the work they would be ready in the Harbour?—A. Apparently they were not laid up.

Q. It could be done and they would not have to go out of the Harbour?—A. Of course what we call laying up would be dismantling the engines.

By Mr. Bennett (Simcoe):

Q. Reading from the official record the *Minnataga*, owned by Robert Waddell—I may say this boat has a registered tonnage of 29 tons. A. Yes.

Q. And the *Reginald* owned by the Victoria Harbour Company a registered tonnage of 122 tons?—A. Yes.

Q. Now the Victoria Harbour people could have done the work with their tug of 122 tons?—A. I do not see any correspondence on the file.

Mr. BENNETT (Simcoe).—The Harbour Master evidently did not know there was a place called Victoria Harbour.

By the Chairman:

Q. Has there ever been any applications to get the ice opened at Owen Sound?—A. Well, I really do not know, Mr. Fraser can tell you.

Mr. FRASER.—I do not remember.

By the Chairman:

Q. There is a bay extending in for twenty miles?—A. Yes.

Q. And the harbour itself is on the river, and so far as you know it has not been found necessary to spend a single dollar within this harbour and it is in the same latitude?—A. Yes.

Q. And the temperature would be the same?—A. The same.

Q. And if ice-breaking was needed anywhere it would be there?—A. I imagine so.

Q. And there are elevators there receiving grain like the others. Can you state why it wasn't necessary to have ice-breakers there?—A. I really do not know. I know this that in connection with the ice-breaking at Midland, I presume prompted by the C.P.R., I received a visit from their general solicitor, Mr. Creelman, asking whether we proposed to do any ice-breaking in the fall. He said it was very desirable I said if it was necessary it should be done.

By Mr. Bennett:

Q. The Tug *Charlton* has a registered tonnage of 265 tons? A. Yes.

Q. Owned at Victoria Harbour. Do you know how far Victoria Harbour is from Midland where these two big tugs are?—A. Four or five miles.

Q. I will give another one, a bigger tug than either, right in the vicinity. When did this brilliant idea strike Mr. Playfair of going into the ice-breaking business first do you know?—A. I really could not say.

Q. Will you turn up the letter of November 3, 1906. It is on that file.

By Mr. Fripp:

Q. What is his business?

Mr. BENNETT (Simcoe)—Dredging, ice breaking, contracting and lumber business.

WITNESS—Well it appears here in the letter of November 3, 1906, that the Department did try to get tenders.

By Mr. Bennett (Simcoe):

Q. November 3, 1906?—A. On November 3rd they wrote the Harbour Master enclosing copies of a specification for ice breaking.

Q. What I am referring to is ice-breaking at Fort William. November 3, 1906. Fort William, ice-breaking, the *Midland Queen*, \$2,000. They had in a sense got their appetite whetted at Port Arthur one year and made a claim for \$2,000. This is an old account for a boat owned by this line, of which Mr. Playfair is Manager claiming \$2,000 for ice-breaking at Port Arthur and accepting \$625, with thanks.—A. I do not see any such letter as that, Mr. Bennett.

Q. Well, perhaps we will find it again. Now, turn to a letter of January 3, 1907, from Grant to the Department.—A. (Reads).

MIDLAND, ONT., January 3, 1907.

Honourable L. P. BRODEUR,

Minister of Marine and Fisheries,
Ottawa.

SIR,—On the 17th day of December last I wired you as follows:—

Steamers *Queen*, *Neeling* and *Tadousac*, laden with grain have been held five miles from elevators here by ice blockade. Council and merchants are making strong efforts to cut channels to get them in, but expense will be high, probably, \$800. Will your Department undertake payment up to that figure or at least a fair portion of same. Please wire.

Since the above message I have not heard anything from your office and would be very glad to have a reply from you at your early convenience. I might say the work was successfully completed and the boats are now lying at the elevator here.

Yours truly,

(Sgd). F. W. GRANT.

By Mr. Kyte:

Q. Who wrote that letter?—A. F. W. Grant.

By Mr. Fowler:

Q. Solicitor for the Company?—A. For the Midland Towing and Wrecking Company.

By Mr. Fripp:

Q. Had they any business offices?—A. Yes.

Q. Why does a solicitor write on a matter of business?—A. Mr. Grant was looking after the collecting of their accounts and all correspondence.

Q. What has that to do with making the contract?—A. You asked me why he did it. I said he did it, all the correspondence is in Mr. Grant's name.

By Mr. Bennett:

Q. Turn to May 31st, 1907, and see an account of Pratt & MacDougall.—A. (referring to file) 'Pratt & MacDougall, Midland. To time of men cutting ice channel, C. T. F. Company, dynamite,' &c., \$602.57.

Q. That is referring to the ice which Mr. Grant said had to be cut for five miles out.—A. I don't know I am sure.

Q. Well, reconcile the two. Mr. Grant is writing you on the 17th December, 1906, and this account of Pratt & MacDougall is for 1906?—A. No doubt it is. He speaks of work there that will probably cost \$800, or something or other.

Q. As a matter of fact it cost \$602.

By Mr. Kyte:

Q. Read the letter of Pratt & MacDougall.—A. It is not a letter, it is just an account. (Reads)—

To time of men cutting ice for channel.. . . .	\$461 67
Canadian Towing & Forwarding Company, dynamite.. . .	69 50
W. McDowell, livery.. . . .	7 50
T. O'Reilly, livery.. . . .	29 75
W. Wilson, livery.. . . .	1 00
W. Fox, boarding two men.. . . .	2 00
Hartman Bros..	5 60
Jeffrey & Co., files.. . . .	1 30
Alexander MacDougall.. . . .	21 00
W. Rowhan.. . . .	1 25
Pratt & MacDougall.. . . .	2 00
	<hr/>
	\$602 57

By the Chairman:

Q. Does not the previous letter complain that Grant had sent a telegram asking for instructions to do the work and did not get instructions, but nevertheless he had done it?—A. Yes, I think so.

Q. What authority had he to do the work under those circumstances?—A. He had no authority, apparently, because I think in that letter he writes a complaint to the minister.

Q. Do you mean to say the department would pay a man for work he had no authority to do but that he did on his own initiation?—A. I do not know that it was paid.

By Mr. Bennett:

Q. As a matter of fact I think it was not paid by the department. It was made a matter of subscription by the town and the town paid for it. Now, that letter states that these boats were out five miles and it turned out afterwards that the boats were not out one mile. What credibility would you attach to Mr. Grant's statements when he comes backwards and forwards here and makes a contract with you?—A. He is certainly making a mistake, there is no doubt about it.

Q. Do you think five miles of ice could be cut for \$500?—A. No, I certainly do not.

Q. However, that is the statement in his letter that these boats were out five miles, there is no question about that, and these large tug owners with large boats were never asked to tender or to put in figures.—A. There is nothing on the file to indicate they were.

Q. There is nothing to show why work done one year at \$500 should not be done another year for the same amount, or why the payment should have been increased to \$4,000 either, is there?—A. Except the fact that the harbour had been increased and enlarged.

Q. When the \$4,000 was paid it was only for Midland?—A. Midland and Tiffin, I think, was it not?

By Mr. Kyte:

Q. Midland and Tiffin, is it not?—A. The contract would show that.

By Mr. Bennett:

Q. The letter of November 20, 1907, only mentions, I think, Midland. Let us see that letter again. A. (Referring to file). 'To keeping the Harbour of Midland open, \$4,000'. Yes, it is only Midland there.

By Mr. Fripp:

Q. What is that document, the offer?—A. Yes, the offer. It is only for Midland, Mr. Fripp, at least that is all he says, but the contract will show. It would be well to turn to the contract.

By Mr. Bennett:

Q. Did the Department ever ask for any details to show what length of time is employed in such work?—A. What is always done every time a contract is made out for work of that kind the contract is sent to the Harbour Master to report in order that he may know exactly what the contract calls for. In each case here Mr. White, the Harbour Master, was supplied with a copy of the contract, and after that when the account was received, it was returned to him for his certificate. There was one case here between Mr. White and myself in which he had simply certified correct, and we sent the account back and asked him to certify whether the work done was done according to the contract, that as he had a copy of the contract in his possession he was familiar with the terms of it.

By Mr. Fowler:

Q. They would not give an account in detail setting forth the number of days were breaking ice, and so forth?—A. It was not for that, it was simply to keep the harbour open until the time specified.

Q. The only question the Harbour Master would have to settle was whether the Company had kept the Harbour open. A. That the Harbour was kept open. If

the weather was mild the Company did not do any work. That has been known in some cases ~~the circumstances, but in all probability they started in with one boat and worked for one day.~~

By Mr. Fowler:

Q. A contract is always arranged before the work is done?—A. Yes.

Q. But would it not strike you as being a sudden jump from \$500 in 1905 to \$4,000 in 1906?—A. It certainly would.

Q. Was there no data in the Department upon which to base a proper average figure?—A. Well, I do not know exactly what data Colonel Anderson or Mr. Fraser had upon which they based their memoranda and reports.

Q. Was there any expenditure for this work before 1904. A. Not that I am aware of.

Q. And as far as you are aware, there was none in 1903.—A. I do not think so.

Q. So that 1905 was the first year there was expenditure for this purpose?—A. I think so.

Q. And that expenditure was only \$500. A. \$500.

Q. And the year previous the expenditure was only \$500.—A. There was no work previous to that because the file shows that the work started in 1905.

Q. And it was done in 1905 for \$500. A. Yes.

Q. The work at both Midland and Tiffin was done in 1905. A. I really do not know.

Q. Does not your file show that.—A. Yes, the file will show that, whether it was at Midland or Tiffin or at both.

By Mr. Kyte:

Q. Will you please turn it up so that we will get that point settled. We want to find what work was done for that \$500.—A. (After referring to file.) Here it is:

‘Keeping a tug in commission and keeping the harbour open until the last steamer arrived.’

Q. Still, if they did not do any work how could the Harbour Master certify to the account?—A. The account could not be paid until he did.

Q. But the Department never made any effort to learn, according to the file, how many days were spent on the work, or what class of vessel was employed. A. No, there is nothing on the file other than the letters of the Chief Engineer and the Assistant Chief Engineer to the effect that these people were the best equipped to do the work.

Q. And the statement of facts is always furnished by Mr. Grant, the solicitor for the Company?—A. The statement of facts?

Q. I mean as to vessels coming in and so on. A. Oh yes.

Q. Is there anything on which the Department could base an idea of the proper price for this service. A. That is absolutely impossible. One year it may not cost a cent.

Q. Was there nothing from previous years' experience on which they could base an idea of the proper price? These people got \$4,000 but the Department did not ask any body else to make offers, as I understand it. What had been the expenditure in previous years to justify this basic price of \$4,000?—A. I do not know what data they used but it was recognized and known.

Q. But so far as you know there was no data?—A. No. Ice-breaking is a gamble purely and simply.

Q. With the conditions all in favour of the gamblers here?—A. Always. It is never in favour of the Government.

Q. Take the year previous. In 1905 I understand that the amount was— A. \$500 I think. Evidently very little work done.

By the Chairman:

Q. You do not know what work there was to be done that year any more than any other year?—A. I do not know *the circumstances, but in all previous years we started in with one boat and worked for one day.*

By Mr. Bennett:

Q. Now give the dates?—A. Until December 14.

By Mr. Fowler:

Q. What harbour is that for?—A. I presume Midland.

Q. Does it say Midland?—A. (Reads). 'To keeping tug *Minnalaga* in commission and keeping harbour open until last steamer arrived, December 14.

Q. What harbour? Surely it ought to say what harbour?

By Mr. Bennett (Simcoe):

Q. It was Midland, that was the only place then.—A. It was Midland, wasn't it?

Q. Yes, because Tiffin was not in existence then.

By Mr. Fowler:

Q. Then so far as you know that would be the amount it would cost in 1905, and upon that as a basis they let a contract for \$4,000 in 1906.

By Mr. Kyte:

Q. Upon the recommendation of Col. Anderson?—A. I do not know. I was not in the Department at the time.

By Mr. Fowler:

Q. But as far as the record shows that is the case?—A. The record shows that is a memorandum from Colonel Anderson, or Mr. Fraser, in connection with each contract in which they recommended acceptance, and no doubt that recommendation was based on some information or some data which I have not on this file.

Q. So far as the record shows there is nothing but this expenditure of \$500 in 1905?—A. And Colonel Anderson's recommendation, in which he does not give the facts or data upon which he bases his recommendation.

Q. No, it is only his recommendation, he does not give there the data upon which it is made?—A. Not at all.

By Mr. Bennett (Simcoe):

Q. Will you look at the letter dated August 7, 1906, from the Department?—A. This is a letter addressed to the Midland Navigation Company, signed by the Deputy Minister. (Reads)

August 7, 1906.

Gentlemen:—

'I beg to enclose herewith official cheque in favour of the Midland Navigation Company Limited, No. A16904, for the sum of \$625 for services of the *Midland Queen* breaking ice east of Fort William, the receipt of which please acknowledge.'

Q. We will find that the amount of the account which was rendered for that service was \$2,000, but they accepted \$625 in full.

Mr. KYTE.—This is for Fort William?

Mr. BENNETT.—Yes, but I want to show how they came down from the amount they were trying to collect.

By Mr. Fowler:

Q. By that letter you said Col. Anderson recommended that the \$4,000 offer be accepted?—A. I presume he did because I find several of his recommendations here; do you want his recommendation.

Q. Yes, you see it was a very sudden rise from \$500 to \$4,000 and I would like to know the cause.

Mr. FRIPP.—Mr. Fraser says he can explain the whole thing if you call him.

Mr. BENNETT.—Well, we will call him then.

By Mr. Kyte:

Q. Before you leave the stand, Mr. Doutre, is there any certificate from the Harbour Master to the effect that this work was performed?—A. Oh yes.

Q. That certificate was given before any money was paid?—A. It always is, without his certificate the account could not be paid, the certificate must be given before payment. The certificate is given on the face of the account.

Mr. R. A. PRINGLE.—The certificate is here, I was looking at it a moment or two ago and I would like to have it put in.

Q. With reference to the particular item we are now investigating the Harbour Master at Midland gave a certificate that the work had been performed before the money was paid?—A. Yes, I do not know whether the certificate is here, but it is on the account.

Witness retired.

Mr. B. H. FRASER called, sworn and examined.

By Mr. Bennet (Simcoe):

Q. You might explain, Mr. Fraser, for Mr. Fowler's benefit, how that jump from \$500 to \$4,000 was made, that is what he wants to know, I suppose.—A. As I understand it that \$500 was paid for work actually performed by this Company and had nothing to do with the kind of work that might or might not have to be done at any future time in keeping the harbour open. It was on account of work they actually did. On the other hand two years ago it would not cost them one cent to keep that harbour open, you will get the facts by referring to Col. Anderson's report.

By Mr. Fowler:

Q. Tell us about 1905 when it cost \$500?—A. They did \$500 worth of work and sent in a bill for it.

Q. Is that bill here?—A. It was read over a few minutes ago.

By Mr. Bennet (Simcoe):

Q. What was the work for in 1906, keeping the harbour clear of ice?—A. Keeping the tug in commission and the harbour open to a certain time.

Q. Until the end of navigation?—A. Probably it was.

Q. What was the work done in the other years—keeping the harbour open till the end of navigation?—A. I do not think the contract specifies the work to be done.

It specifies that they will enter into a contract to keep the harbour open until the close of navigation.

Q. Everybody that lives there knows that it did not cost a cent last year, it did not cost the country a cent when an officer went up there and looked into the matter.

By Mr. Fowler:

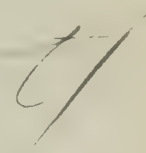
Q. What I want to get at and what I want to find out is on what you based the acceptance of an offer of \$4,000, what data had you to justify that?—A. There is only one basis and that is the length of time that a boat must be kept in commission or the amount of ice there would probably be to break until the close of navigation.

Q. What peculiar circumstance was there in 1906 on the 26th of November, I think that is the date the contract was made, what was there at that date to show the length of time that the harbour required to be kept open was greater than in 1905, or that it would cost more money that year than it did in 1905? Before you answer let me call your attention to this fact that the only data and record in the Department is, there are two things on record in the file, one the statement of the Harbour Master that the harbour would probably remain open by act of providence, and that there would be no need for the ice-breaker and the other the statement of Mr. Grant urging them to accept his offer. Was there anything else upon which the acceptance of that offer was based?—A. That letter of the Harbour Master was two years ago, now this \$4,000 was some five or six years ago.

Q. I am talking about the matter for 1906?—A. There was no report of the Harbour Master in 1906. The only report was mine, I was there on the spot and I made that report.

Mr. DOUTRE—The report of the Harbour Master was dated 21st of December, 1908.

By Mr. Fowler:

Q. Was not this letter by Mr. Grant in 1906? 

By Mr. Bennett (Simcoe):

Q. What was the year you were there, Mr. Fraser, and made the report?—A. 1906, I think; at any rate it was the time the change was made, and that was done on the recommendation of the Marine Association of Canada, it had nothing to do with the Harbour Master's report or anything of that kind.

Q. Can you show me your report of 1906?—A. It has already been read here, my recommendation was that the amount was reasonable under the circumstances.

By Mr. Fowler:

Q. \$4,000.—A. If it was \$4,000. 

By Mr. Bennett (Simcoe):

Q. I haven't seen that report.—A. It was read to the Committee here.

Q. What year was that?—A. You remember that, you read that report, Mr. Doutre.

Mr. BENNETT (Simcoe)—For the good of the country it is a pity you did not save \$4,000.

Mr. KYTE—That is not fair.

Mr. DOUTRE—Mr. Fraser came at my request. I asked him if he would come, he is more familiar with it than I am. Here is one here, November, 1908.

Mr. FOWLER—No, we want to get 1906.

Mr. KYTE—The first time \$4,000 was paid.

By Mr. Fowler:

Q. Let us see what date he was there. Do you remember what date you were there, Mr. Fraser?—A. It was late in November, pretty late in the fall. I think you will find it in my report. It was read this morning and as I was responsible I don't want anybody else to be blamed.

Q. I wish you would say what time you were up there?—A. Late in November.

By Mr. Bennett (Simcoe):

Q. But did you see Mr. Playfair when you were there?—A. I saw the Harbour Master first of all. From him, as I remember, I got information—it is all in the report. I got the best information I could.

By Mr. Fowler:

Q. Do you remember who you saw there?—A. I saw Mr. Playfair as President of this Company and submitted the information to the Department with my recommendation.

Q. You recommended that it be accepted?—A. I recommended that under the circumstances it was reasonable.

Q. Under what circumstances?—A. At that time there was no such place as Tiffin, it was not known by that name, this ice-breaking did include Tiffin, but I mentioned that there were two elevators, two mills and that the contract would have to include getting the ice broken for these two mills as well, providing there was ice.

Q. Was that taking in any greater ice than in 1905, or do you know?—A. It only included what work really had to be done, but when you make a contract or get an offer for work of this kind it means including the keeping of the boats in commission from the date the man usually lays it up.

Q. Was this boat in commission all the time?—A. There was a little boat in commission, and he tried to get us to pay \$500 for it though we had no authority.

Q. And did you pay him?—A. Not to my knowledge, I do not think so. There were some other accounts coming in for sawing ice and dynamiting ice and I know they were not paid.

Q. You refused to pay it on the ground that it was not necessary and was not authorized?—A. It was not authorized, it might have been perfectly necessary.

Q. Would you not pay it if it was absolutely necessary?—A. Not me.

Q. Would not the Department?—A. I cannot say.

Q. Do you say that actually the Department would not pay where the thing is perfectly necessary?—A. I do not think that it is the Department's business. There are lots of other things that are necessary.

By Mr. Davidson:

Q. What other data had you then for thinking it was not necessary to do any ice-breaking than you had in the year in which \$500 was paid?—A. Boats of a certain class must be kept in commission from such a date to such a date.

By Mr. Fowler:

Q. And the only people you saw were the Harbour Master and Playfair?—A. Well now—

Q. Who else did you see?—A. You are asking me about what happened five years ago.

Q. Who else did you see?—A. I cannot remember.

By Mr. Bennett:

Q. How long were you there?—A. For several days, the records will show.

Q. Were you there for three days?—A. Probably.

Q. Did you know where Victoria Harbour was, you pass it in the train?—A. Yes.

Q. And didn't you see two or three large saw mills there?—A. I did.

Q. And the large mills at Waubashene, didn't they suggest that they were owners of powerful tugs?—A. I do not know that I was looking at that point. I may have been mistaken, but I got the information.

By Mr. Fowler:

Q. Let us know where that information was obtained?—A. I cannot give you a detailed statement.

By Mr. Bennett:

Q. Didn't it suggest itself to you that you should ask for tenders and ask some of those owners of big tugs there?—A. I cannot remember exactly just now.

Q. Did you go to Victoria Harbour and ask Waldie who has a tug to contract?—A. I am pretty sure I did not.

Q. Who directed you from here?—A. The Chief Engineer.

Q. Did you see Mr. Grant about the matter?—A. A complaint came from the Shipping Marine Association.

By Mr. Bennett:

Q. Let me see the memorandum from the Shipping Marine Association.

By Mr. Kyte:

Q. Were you aware that you were to be called as a witness this morning?—A. Mr. Doutre asked me to come over.

Q. You did not look over the files yourself?—A. It was sprung on me at a moment's notice.

Mr. FOWLER.—I would like to have that report.

Mr. DOUTRE.—Here is a report, it is in 1907.

The WITNESS.—It must be the one.

Mr. DOUTRE.—As instructed by you—it is a memo. for the deputy.

By Mr. Fowler:

Q. You say it was 1907?—A. That is the year.

Q. That would not be the report from which you based the contract of 1906?—

A. There could not have been any contract for 1906.

By Mr. Bennett:

Q. The \$4,000 was paid for 1907.—A. That must be the one.

By Mr. Fowler:

Q. You say this was in 1907?—A. That was the time the change was made, Mr. Fowler.

Q. I thought it was 1906, that was what we were told.—A. I am only endeavouring to try and straighten the thing out.

By Mr. Bennett:

Q. Let us make the matter clear. Here is the point at Midland and the boat would round the point southerly (indicating on plan).—A. Yes.

Q. There is the point and here is Midland elevator to the west, and I will not dispute that it is two miles from Midland elevator to Tiffin.—A. There was an elevator there. Then it had no name. As I remember it Tiffin was not in existence, and the harbour of Midland was protected by Beausoleil island.

Q. So that if a boat was going to Tiffin it would not be on the route to go to Midland?—A. You go to Midland first and then along this channel to Tiffin.

By Mr. Fowler:

Q. Was there anything paid for 1906?—A. No. As to that I am quite sure. I am subject to correction, but I am sure there was nothing paid. Mention is made of what they said they spent. I think they said they had got something in 1905.

Q. In 1906 then there was nothing paid?—A. They put in a claim.

Q. In 1907 they put in a bill which you did not pay. That bill was for how much?—A. \$800 for dynamite and one thing and another.

Q. In the fall of 1907 you went there?—A. Yes, Sir, in the fall of 1907.

Q. Instead of 1906? In the fall of 1907 you went there and recommended that \$1,000 be expended?—A. I did not. I said I thought it was a reasonable offer under the circumstances.

Q. That is the same thing as recommending it?—A. If you like to take it that way. My opinion was then, as it is now, that it was a reasonable offer.

Q. Based upon what?—A. Upon the time they would have to keep boats in commission.

Q. They kept boats in commission then?—A. They did not. They kept one little boat in commission and I would not undertake to guarantee to the shipping people that the harbour would be kept open with any such boat.

Q. Well, what boats did they guarantee to keep the harbour open with?—A. They guaranteed to keep the harbour open, I did not care what boats they had.

Q. The harbour was kept open two years previously?—A. I think they did, and at any rate we had nothing to do with it.

Q. What steps did you take to find out the necessary information, did you find out by seeing the people there?—A. Undoubtedly, that was my business.

Q. Did you?—A. I certainly did.

Q. How many people did you see?—A. I saw probably twenty people, I cannot remember the names now.

Q. You must remember in what position they would be. It depended on what your object was.—A. Exactly.

Q. If your object was to pretend to get information you could see a scavenger on the street and people of that kind, but if your object was to find out what the conditions were then you ought to see people who would actually have the knowledge, and I think you could remember whom you saw.—A. I saw quite a number. I saw the shipping people. I started first with Mr. Wright, anyway, who at that time, was President of the Marine Association and who, I think, had large interests in Victoria Harbour at the time. I was certainly in close consultation with him all the time.

By Mr. Bennett:

Q. Mr. Alex Wright of Victoria Harbour?—A. He has interests I think in Victoria Harbour.

Q. He used to work there.—A. He was President of the Marine Association also.

Q. Did Mr. Alex Wright write to you about tugs for Victoria Harbour?—A. He certainly did not. I would certainly have taken his advice and been only too glad to get it. I was in close touch with him all the time. As I say, he was President of the Marine Association, the shipping Federation for the lakes.

By Mr. Fowler:

Q. And he advised you that \$4,000 was a reasonable amount?—A. I was the judge myself, practically. I cannot throw that on anybody else, Mr. Fowler.

Q. He advised you as to the class of tugs that would be required to be kept in commission?—A. I must be responsible, Mr. Fowler, I cannot throw the responsibility on anybody else.

Q. Well, I have no objection to your assuming the responsibility, but I want to know on what you founded your opinion. I want to know upon what you founded your recommendation as to \$4,000 so as to determine whether you were justified in making it. The facts since have not justified it. I want to explain to you what I am trying to get at—A. Quite right.

Q. And see whether you were justified, Mr. Fraser. I presume you were, but I want to know whether you really were or not.—A. I hardly know how to come at the thing exactly. Mr. Wright is the man who inaugurated this question of having these places kept open. Personally that was a matter of policy with which I had nothing to do. When that was decided Colonel Anderson sent me away to see Mr. Wright to find out what Harbours he would recommend to be kept open and give me such advice as he could. I went to Mr. Wright, who recommended the three harbours, after being in consultation with the other officers of this Federation or Association. That is the way I acted. I cannot remember exactly any details.

Q. Did you ask Mr. Wright what it would be worth?—A. I could not ask him that, I had to find out for myself as far as I knew.

Q. Did you ask him how large a tug was necessary?—A. I did not even ask him that.

Q. What questions did you ask him?—A. Probably as to the number of boats that would come through, to what date the ice kept open, what harbours would have to be kept open, and such general questions as that.

Q. Would you ask him where the ice was likely to close in?—A. That is all there (Pointing to file). I sent away and got dates of the opening and closing for ten, fifteen or twenty years before. That data I think will all be found on the file.

Q. In that report of yours?—A. Yes, I was very careful to get any such information of that kind that I possibly could, as to the opening and closing and when the ice would take.

Q. As a matter of fact you do not remember anything about the details beyond what is in that report, and as to who you saw—A. It is pretty hard. I do distinctly remember going into it very fully with the Harbour Master, who unfortunately at the time was not able to come out with me. He had an accident to his eyes.

Q. Is the same man Harbour Master there now?—A. As far as I know he is. I asked him as being fairly well acquainted with the circumstances, and he told me, without going into it fully, I could not get anybody else in the vicinity who would guarantee to do this work except this Company. He was our official there.

Q. Is he the same man who afterwards said it was not necessary?—A. He said it did not appear to be necessary at that time.

Q. At that time, the 21st November. —

Q. You do not know anything about that?—A. Nothing at all. My opinion after this visit that I had was that it was a reasonable price taking into consideration the fact that they guaranteed to keep that harbour open until the close of navigation which means not up till the time when insurance closes but until the navigation itself closed.

Q. Would one tug be sufficient for that?—A. No, I could not say as to that.

Q. But if you were basing your idea of the reasonableness of the price on the amount of work to be done surely you had some opinion as to whether one tug would be sufficient or how many would be required. Would not the number of tugs required make a difference in the price?—A. Yes.

Q. The greater the number of tugs the higher the price?—A. Yes.

Q. Did you find out how many tugs would be required? How many and what horse power?—A. They would have to be tugs that would enable them to make good their guarantee.

By the Chairman:

Q. You would have in your mind when you went there that \$500 had been paid for keeping the harbour open in 1905?—A. That was only for a little amount of work they had done, a specified quantity of work.

Witness retired.

Committee adjourned.



EVIDENCE

TAKEN BY THE

PUBLIC ACCOUNTS COMMITTEE

IN CONNECTION WITH

ICE BREAKING IN MIDLAND, TIFFIN AND VICTORIA HARBOURS, 1910

No. 2—FEBRUARY 7, 1912



OTTAWA

PRINTED BY C. H. PARMELEE, PRINTER TO THE KING'S MOST
EXCELLENT MAJESTY

1912

MINUTES OF EVIDENCE

COMMITTEE ROOM No. 32,

HOUSE OF COMMONS,

WEDNESDAY, February 7, 1912.

The Select Standing Committee on Public Accounts met at 10.30 a.m., the Chairman, Mr. Middlebro, presiding.

The committee resumed the consideration of a payment of \$5,500 to the Midland Towing and Wrecking Company in connection with breaking ice in Midland, Tiffin and Victoria harbours, 1910, as set out at page N—98, Report of the Auditor General, 1910-11.

Mr. FOWLER.—I would ask that Mr. B. H. Fraser be recalled—Mr. R. A. Pringle, K.C., is here representing the Midland Towing and Wrecking Company, and would like to have the opportunity of being heard.

The CHAIRMAN.—Is it the pleasure of the Committee that Mr. Pringle, representing the Midland Towing and Wrecking Company be heard?—Carried.

Do you want to examine Mr. Fraser, Mr. Pringle?

Mr. PRINGLE.—I would like to re-examine him afterwards.

Mr. B. H. FRASER re-called.

By Mr Fowler:

Q. When you went to Midland in the fall of 1907, I think it was November, 1907, what was your business?—A. I find that the business was simply to get information for the minister so that he might decide what policy to follow.

Q. Your business was to do what?—A. To get information so that the minister might decide what policy to adopt.

Q. And in following out that idea, you went to Mr. ——— Who was the man you told us you saw?—A. Mr. White, the harbour master.

Q. Who was ill?—A. Yes, he was ill.

Q. So that you were not able to get the information from him and you got it from Mr. Wright, did you not?—A. Oh, no, I could get lots of information from Mr. White, but he was not able to go outside, he had an accident to his eye and he could not go out.

Q. You said he was not able to come out with you and so you went to see Mr. Wright—you did go to Mr. Wright, didn't you?—A. I saw Mr. Wright before I went to Midland at all, at Toronto where his office was.

Q. You do not know who you saw outside of Mr. Wright and Mr. White?—A. I am inclined to think—I have to refresh my memory on that—I was taken somewhat by surprise the other day—but I am inclined to think I saw very few people there except Mr. White. Mr. White is our officer and he gave me what information I wanted.

Q. You have no written information, nothing in writing, whatever information Mr. White gave you was verbal?—A. We have his report on the file here which deals to some extent with the matter.

Q. Can you get that on the file?—A. Yes, I can show it to you if I have the file here—Mr. Doutre has the file, I think (witness examines file). Here is Mr. White's report giving the dates of the opening and closing of navigation for a number of years, it just gives the dates.

Q. That is in 1907?—A. This report is dated at Midland, in February, 1907, giving the date of the first boat out and the last boat in at Midland from 1898 to 1906.

Q. You had that, but was it upon that you based your idea?—A. No, we had this report—

Q. You had that before you, but was it upon that you based your report?—A. I thought you asked me if we had anything in writing from Mr. White.

Q. Very well, what does he say?—A. (Reads):

~~He says further:~~

Opening of Navigation.				Close of Navigation			
1898.....	First boat out	April	1	Last boat in	Dec.	11	
1899.....	do	do	28	do	do	4	
1900.....	do	do	21	do	Nov.	15	
1901.....	do	do	23	do	do	10	
1902.....	do	do	7	do	Dec.	12	
1903.....	do	do	2	do	Nov.	27	
1904.....	do	May	3	do	Dec.	5	
1905.....	do	April	15	do	do	14	
1906.....	do	do	14	do	do	15	

He says further:—

‘The above list of dates is in answer to your letter 25511 of 1st instant according to our books. The last three boats arriving on December 15, 1906, had to break through 5 inches of ice, which cost our town citizens \$500, as dynamite had to be used to break an opening to get them in. Had our port been kept open the same as Fort William and Port Arthur, we would have had six or eight more vessels in. If harbour is not kept open the same as Fort William our grain trade will go to Buffalo nearing the close of navigation. When you take into account that a vessel can make three trips from any of the upper lake ports, Chicago and Duluth included to Midland to two trips to Buffalo, you will see the importance of keeping our harbour open as long as Fort William and Port Arthur are open. American and Canadian captains assert this. The distance from Buffalo to New York and from here to Montreal is practically the same.’

Yours respectfully,

(Sgd.) JOHN WHITE,
Harbour Master, Port of Midland.

By the Chairman:

Q. Do you know the handwriting this report is in?—A. I do not.

Q. It is not in the same handwriting as the signature?—A. It is not the same writing, but he signs it.

By Mr Fowler:

Q. Is that Mr. White's signature?—A. I presume so, I cannot swear to that.

Q. That is in 1907?—A. It comes over Mr. White's signature.

Q. Have you any idea how the volume of business increased while you were keeping the harbour open by paying these large amounts? Do you know whether there was any increase in the volume of business here?—A. I do not know.

Q. Just look at the handwriting again, does it look like a man's handwriting or a woman's?—A. I could not say.

Q. Or have you enough professional knowledge to express an opinion?—A. I would think it is a man's handwriting, but certainly the letter is not in the same handwriting as the signature.

Mr. DOUTRE.—There are other letters from Mr. White on the file?—A. It is not Mr. White's handwriting.

By Mr. Fowler:

Q. You are familiar with his handwriting?—A. If he signed it he did not write the letter.

By the Chairman:

Q. Could you break five miles of ice for \$500?—A. You might break it for very much less; there are so many circumstances to consider with regard to the cost of ice-breaking, there is the thickness of the ice, the weather and other things to consider.

By Mr. Fowler:

Q. What year was it that it cost the citizens \$500 for keeping the harbour open?—

A. It must have been 1905 or 1906, he doesn't state which.

Q. You paid in 1906, didn't you?—A. There is no evidence here what year it was paid.

By the Chairman:

Q. It states that it cost \$500, on account of breaking the ice, for which they had to use dynamite, for over five miles.

By Mr. Fowler:

Q. Do you not think it would cost more than \$500 if they had to break much ice by dynamite?—A. I would think so.

By the Chairman:

Q. If it had been \$4,000, it would be too much for the work, wouldn't it?—A. That was simply for bringing in one boat—I would not care to speak generally—

Q. If \$500 is the cost of breaking five miles of ice, broken with dynamite, in that case, \$4,000 would be too much, would it not for the work?—A. That was only for breaking the ice on one day in order to bring in one boat. The same thing might have to be done over again the next day and every other day in order to keep the harbour open to let any other boats come in. Usually where it has been broken once it costs more to break it the second time if it is allowed to form again.

Q. Would it be very hard before the 15th of December?—A. The 15th of December is the latest date, you cannot tell what the circumstances were.

By Mr. Kyte:

Q. Mr. Fraser, as a matter of fact there was no money paid for breaking the ice until the contract was made in 1907?—A. Mr. Doutre says he looked that up and can find no evidence of any payment; personally I have no knowledge.

Q. Well, application was made to the department by the citizens of Midland to make provision for keeping the harbour open about 1907, was it not?—A. I am not sure about that.

Q. How did you come to go up there?—A. I was sent there by the chief engineer, I do not know who made the application.

Q. You were sent to make a report as to the necessity?—A. Yes.

Q. Where does this grain come from that goes to the elevator at Midland?—A. I should think it all came from Fort William.

Q. It comes by boat from Fort William to Midland?—A. Yes

Q. And is landed at the elevator and how is it carried from there?—A. I am not very well versed as to that, but I presume from there it would go by train.

Q. What is the importance of keeping the Midland harbour open?—A. I do not know that I can express a very decided opinion on that.

Q. What did you gather when you went up there to Midland to the necessity of keeping it open?—A. That was the advice I had from our local official there, the harbour master. I did not consider that was the point referred to me at all, that was a matter of policy with which I had nothing to do.

Q. Your sole business was to arrive at some judgment as to what it would reasonably cost to do the work, is that it?—A. I do not know that it was even that but it was to give the department some idea as to what it might cost, I do not know that I was asked to express any opinion.

Q. And after getting all the information you could obtain you made a report to the department?—A. I did, yes.

Q. And in that report you recommended that \$4,000 would be a reasonable amount?—A. I do not know that it went in the form of a recommendation, but I reported that in my opinion it would cost about that.

By Mr. Fowler:

Q. The offer was in already at that time?—A. Yes, the offer was attached to my report. I said in my report that I had these offers from responsible people.

Q. Had you received the offer before you went up there?—A. No. I am not quite sure, but I think the offer was mailed to Ottawa after I left; I would not ask a man to give me an offer of that kind offhand.

Q. Mailed after you left. You did not receive the offer before you went up there?—A. No.

Q. There was no offer before?—A. Before I went to Midland.

Q. Yes.—A. Not as far as I know.

Q. Either verbal or written?—A. No.

By Mr. Kyte:

Q. That was in the year 1907?—A. Yes.

Q. How many elevators were there in the harbour of Midland at that time, do you remember?—A. I could not say offhand, I know there was at least one elevator and possibly more at Midland, and there was another one a considerable distance down the shore which I was informed had to be kept open the same.

By Mr. Fowler:

Q. At Tiffin?—A. No, it was not Tiffin at that time.

By Mr. Kyte:

Q. It was not known as Tiffin at that time?—A. No.

Q. What was the distance between those two elevators?—A. I stated in my report that they were two miles apart and I must have been told that, but possibly that is exaggerated a little.

Q. So that in order to ensure delivery of the grain at those elevators it was necessary to keep the whole of that section of the harbour open?—A. I certainly reported to that effect.

Q. This bill that the town of Midland had to pay, to which you refer in your evidence, was for breaking the ice to one of the elevators only, I suppose?—A. I do not know anything about that.

By Mr. Fowler:

Q. Do you say there was no payment made previous to this \$4,000 contract?—A. Not to my knowledge, I find from the file we refused several times to make any payment.

Q. At page eleven of the evidence there is 'a letter of Mr. Grant's. I will read you what he says:

'The second account is for \$500 for keeping the tug in commission and keeping Midland harbour open from the 27th November to the 14th of December that being the day last steamer arrived. While they were not definitely instructed by the department to undertake this work last fall, yet the year previous this company had done the same work at your request, and was paid for it, and there is no question that it was absolutely necessary last year again.'

Is that statement correct?—A. I don't know.

Q. Will you look up and see whether that is true or not?

Mr. DOUTRE.—I have looked for it. There was no vote but it may have been charged to maintenance or construction or something of that kind.

Mr. FOWLER.—Mr. Grant made the statement that you did pay?

Mr. DOUTRE.—Yes.

Mr. FOWLER.—But there is nothing on the file.

Mr. DOUTRE.—There is nothing on the file. We will have to have it looked up on the previous file.

Mr. FOWLER.—If you please. There must be some way of telling.

WITNESS.—Oh, certainly, we will make a point of looking for it.

By Mr. Kyte:

Q. The work done for the \$500 which was charged to the town gives no idea of the amount of work which actually might be done in the course of a season in the matter of ice breaking?—A. No, I would not think so.

Q. There might, in the course of the season, require to be eight or nine times as much work to keep the harbour open as was done on that particular occasion?—A. There might.

By Mr. Fowler:

Q. Four thousand dollars was not the highwater mark which was paid for this business at any time whatever?—A. In Midland?

Q. Yes.—A. Well, I saw it on the file, but later on there was a larger amount paid.

Q. \$5,500?—A. \$5,500.

By Mr. Kyte:

Q. That was to keep an additional harbour open, was it not?—A. I think it included Victoria harbour.

Q. Victoria harbour was in addition to Midland and Tiffin?—A. Yes, sir. (To Mr. Doutre) Did it not include Victoria harbour?

By Mr. Fowler:

Q. Were there other harbours kept open previous to 1910?—A. I think Tiffin was.

Q. Tiffin was covered by the four thousand?—A. Tiffin was covered by the contract. I think probably Tiffin was covered in the next contract again. There was no Tiffin at that time.

Q. I know, but the place which is now Tiffin?—A. The whole harbour front was kept open, which would include Tiffin.

Q. Yes, and it would include Victoria harbour, too, would it not?—A. No. I do not think so. Victoria harbour is some distance farther along.

By Mr. Kyte:

Q. But this sum of \$5,500 paid in 1910 was to keep open Midland, Tiffin and Victoria harbours?—A. That is my understanding. I would have to——

Q. Will you please turn up the file?—A. I would have to turn it up in the file. I am not quite sure. (After examining file.) Yes, it includes Victoria harbour.

By the Chairman:

Q. What is the date of that report which you have just read?—A. It is February, 1907.

By Mr. Fowler:

Q. Was that the first year the three harbours were covered?—A. Yes, sir.

Q. Previous to this it was only Tiffin and Midland?—A. Yes, sir.

By Mr. Kyte:

Q. I want you to read the contract, because I am told it is not yet in the record.—A. Do you want me to read the whole thing?

Q. Yes.—A. (Reads):

'MEMORANDUM OF AGREEMENT made and entered into this third day of December, in the year one thousand nine hundred and ten, between His Majesty King George V., represented herein by the Honourable Louis Philippe Brodeur, Minister of Marine and Fisheries of Canada; and the Midland Towing and Wrecking Company, Limited, of Midland, in the province of Ontario, herein-after called the contractors.

Witnesseth that for and in consideration of the covenants, agreements and stipulations hereinafter contained on the part of His Majesty, the contractors for themselves and their successors do covenant and agree to and with His Majesty, his heirs and successors in the manner and to the effect following:—

The said contractors covenant and agree with the said Minister to provide suitable steamers with officers and crews on board and all necessary equipment for breaking ice, and to break ice in the harbours of Midland, Tiffin and Victoria and the approaches thereto from open water in Georgian bay, and to keep the said harbours of Midland, Tiffin and Victoria and the approaches clear of ice to permit of the free passage and easy access of vessels from Georgian bay to and about all docks, wharves and elevators in the harbours of Midland, Tiffin and Victoria as long as any boat or boats wish to enter any of the above-mentioned harbours during the year 1910.

The above work to be done to the satisfaction of the said Minister of Marine and Fisheries or an officer appointed by him to superintend the breaking of ice.

In consideration whereof His Majesty represented as aforesaid, doth hereby promise and agree to pay to the said contractors, their heirs, assigns, or lawful representatives, the sum of five thousand five hundred dollars in lawful money of Canada, when the above-mentioned service is carried out in all particulars to the satisfaction of the said Minister of Marine and Fisheries, or an officer appointed by him to inspect the work.

It is further agreed between the parties to this agreement that the said Minister of Marine and Fisheries shall not be liable for any damage or loss of steamers, equipment or material that may occur in the execution of this agreement, the contractors assuming all liability for loss and damage.

The wages to be paid in the execution of this agreement shall be those generally accepted as current in each trade for competent workmen in the district where the work is carried on. If this condition is violated the said Minister may cancel this agreement and refuse to pay for any work done thereunder.

It is a condition of these presents that no member of the House of Commons of Canada shall be admitted to any share or part of this agreement, nor to any benefit to arise there from.

It is provided that should any dispute arise between the said Minister of Marine and Fisheries and the said contractors the matters in dispute shall be referred to three parties; one to be appointed by each of the parties hereto and the third by the two so appointed. Their decision or that of any two of them to be final and for the purpose of enforcing any award this agreement may be made a rule of court.

It is further agreed between the parties to this agreement that should the amount now voted for this service be at any time expended previous to the completion of this agreement the contractors shall not be entitled to any further payment for work done under this agreement until the necessary funds shall have been voted by parliament, nor shall the said contractors have any claim for compensation or damage for the suspension of payment.

Where the context allows, the expression 'His Majesty,' includes the successors and assigns of His Majesty; the expression 'Minister' includes the Deputy of the Minister and the successors in office for the time being of the Minister, or such Deputy.

Penalty for non-completion of this agreement to be estimated damages.

'IN WITNESS WHEREOF we have hereunto affixed our hands

Q. Shall I read the signature?

Q. No, that's all right. Did the department receive a certificate from the proper officer certifying that the work was performed before the money was paid. Will you turn up the account please?

Mr. DOUTRE.—The accounts are not here.

Mr. KYTE.—I mean the certificate of the harbour master.

Mr. FOWLER.—That certificate would simply state that the harbour was kept open.

Mr. KYTE.—I want it put in.

Mr. FOWLER.—The harbour master would not know what the contractors did.

The WITNESS.—There is a certificate from the harbour master to this effect 'O.K. Work satisfactorily done. John White, Harbour Master.'

By the Chairman:

Q. How long did that contract have to run? Just the one season?—A. One year, I think.

Q. What was the amount paid in 1908 and 1909?—A. I could not say off-hand.

Mr. FOWLER.—\$3,200 each year.

By the Chairman:

Q. And in 1907 \$4,000, is that right?—A. Yes.

Q. The work was done under contract each year?—A. Mr. Doutre says under contract each year.

Q. And the contract was based on the report of an officer of the department?—A. The first one was, I presume, based on my report.

Q. The \$4,000 contract?—A. Yes.

Q. The contract for 1908 or 1909 would be based on your report or the report of some other officer of the department?—A. I should certainly think so.

Q. Do you know whether it was so?—A. I do not know off-hand.

The CHAIRMAN.—The departmental files will show, no doubt.

Mr. BENNETT.—It is all in the printed evidence.

By Mr. Kyte:

Q. You stated that when you went to Midland you had an interview with the officers of the Shipping Federation—A. I saw Mr. Wright, if I remember right, in Toronto before I went there, at his office at Toronto.

Q. Who is Mr. Wright?—A. He was an officer of the Marine Association, I think the President at that time, if not later.

Q. Of the Marine Association?—A. Yes, sir.

Q. Do you know Mr. Gildersleeve?—A. I know him, yes.

Q. Do you remember seeing him?—A. I think I saw him on that same trip.

Q. And you interviewed him for the same purpose, to gather all the information you could?

Mr. FOWLER.—Wait a minute. He has not said that. You are giving the evidence now.

A. I could not say whether I interviewed Mr. Gildersleeve for that particular purpose. There was a dispute between Mr. Gildersleeve and myself as to the wording of the specification.

By Mr. Kyte:

Q. What was that statement, please?—A. Mr. Gildersleeve wanted us to alter the specification.

Q. For what?—A. To keep the harbours open.

Q. For ice-breaking, to have more work done?—A. He wanted us to keep the harbours open later. He generally had boats out when the boats of everybody else were in.

By Mr. Bennett:

Q. That was at Collingwood?—A. Anywhere. He had boats out much later than anybody else.

By Mr. Fowler:

Q. Now, as a matter of fact, Mr. Fraser, you know of no special report asked for or obtained by the department upon which to base the contract of 1907, do you?—

A. No, I do not.

Q. And you were not sent up to see in regard to this \$5,500 contract for 1910?—

A. No, sir.

Q. And you know nothing about it?—A. No.

By Mr. Pringle:

Q. Just one or two questions. We are dealing with a payment of \$5,500 to the Midland Towing and Wrecking Company in 1910. Now, was there an Order in Council providing for this contract. Let me see the papers you have there. I understood there was one. (After examining file.) Yes, I find here the following (reads):—

‘On a memorandum dated December 5, 1910, from the Minister of Marine and Fisheries, stating that the work of breaking ice in the fall in the harbours of Midland and Tiffin in Midland bay, has been carried out for some time past for the Dominion government by the Midland Towing and Wrecking Company of Midland. Last season they received \$3,200 for keeping open the two harbours above referred to and the approaches, up to midnight of the 13th of December.

‘The minister observes that they offer this year to keep open the harbours of Midland, Tiffin and Victoria for the sum of \$5,500.

‘That the Chief Engineer of the Department of Marine and Fisheries has pointed out that the harbours of Midland and Tiffin are in Midland bay but Vic-

toria harbour is in another bay further east, and to include the work of breaking ice in Victoria harbour will require practically twice as much work as that performed last season. The Chief Engineer also reports that the Midland Towing and Wrecking Company are undoubtedly the best equipped for doing this work.

'The minister recommends: As the Department of Marine and Fisheries has been informed that the harbours are freezing over and that there are still six grain boats to arrive, that the offer of the Midland Towing and Wrecking Company to keep open the harbours of Midland, Tiffin and Victoria until the last grain boat reaches port this fall for the sum of five thousand five hundred (\$5,500) dollars be accepted.

'The committee submit the same for approval.

'(Signed) RODOLPHE BOUDREAU,

'Clerk of the Privy Council.'

Q. Now, then, I see in this Order in Council that they refer to the report of Col. Anderson, which is already in on page 5 of the evidence. I see in that report that Col. Anderson in referring to the price says, 'With reference to the increased price named by Mr. Playfair, I would explain that Midland and Tiffin are in Midland bay, whereas Victoria harbour is another bay farther east than Midland, and if ice-breaking were required the amount of work necessary would be practically doubled. The Midland Towing and Wrecking Company are undoubtedly the best equipped for doing this work. (Signed) W. P. A., Chief Engineer.' Now, you had made an investigation prior to 1910 and you came to the conclusion that the sum of \$4,000 was a reasonable and fair price for keeping open Midland and Tiffin harbours?—A. I did.

Q. And you were satisfied that your report was a fair and reasonable report?—A. Under the circumstances.

Q. Now, Victoria harbour has never been opened during the last year, it has never been opened for one or two years, the elevators have only been completed, haven't they?—A. I am not much acquainted with it during the last year or two.

Q. I understand that 1910 was the first year that Victoria harbour had been opened for business. I understand this year there were over three million bushels of grain stored in the elevators at Victoria harbour. You are not familiar with that situation?—A. No.

Q. I see based on this order in council there was a contract which we have got in. Then there was the certificate of the harbour master that the work was done satisfactorily, and there was also the report of the Chief Engineer favourable to the terms of the contract?

Mr. FOWLER.—Does the witness say that? Don't make a statement. Perhaps you are making a statement that is not in accordance with the fact. The report is against the terms of the contract.

By Mr. Pringle:

Q. I suppose the report will speak for itself. Now do you know, I do not know whether you do or not, if you don't say so—do you know of your own knowledge that in 1910 there was a great deal of difficulty in getting these harbours open?—A. I do not know.

Q. As I understand the position, it is this, Midland, Tiffin and Owen Sound are large harbours for the Grand Trunk railway.

Mr. BENNETT (Simcoe).—Depot Harbour.

By Mr. Pringle:

Q. Depot Harbour is it, and Victoria, that is right, the Midland, Tiffin and Depot harbours for the Grand Trunk, and Victoria and Owen Sound for the Canadian Pacific railway and the Canadian Pacific railway elevators. Are you familiar with that?—A. I have just a general knowledge.

Q. Now there has been a great deal said about a \$500 item of some years ago. Mr. Playfair informs me that that was not for ice-breaking at all, that that \$500 was for bringing in the lighthouse-keepers, they had been kept out a little later than usual. Do you know anything about that?—A. I do not know about this particular case, but I know at that time we started extending navigation, and there was some trouble in getting the lighthouse keepers in.

Q. Do you know this, that since these large elevators have been erected, in order to get the trade to our Canadian ports—

Mr. BENNETT.—What year is that?

Mr. PRINGLE.—Away back in 1905 or 1906.

By Mr. Pringle:

Q. Do you know that since these large elevators have been erected that the policy has been to keep these harbours open just at late as possible to receive every vessel that can get out of Fort William?—A. That is what the contract states, it was the policy.

Q. And it is only during the last few years that these large elevators on Georgian bay have been receiving grain right up till the last minute of the season.

Mr. FRIPP.—Does he know that?

By Mr. Pringle:

Q. Now haven't you on file a request from the Dominion Marine Association some three or four years ago urging upon the government the keeping open of these different harbours?—A. I do not know whether it is on file, but I do know that the officers told me personally that they would like these three harbours kept open.

Q. You know that the officers told you personally?—A. Yes, I think Mr. Wright. I mentioned that in my report, that after consultation with them they recommended that action be taken in connection with these three harbours.

Q. Now, something has been said about keeping Collingwood Harbour open for a less amount of money. Do you know of your own knowledge, if not say so., that the first year one of the companies in breaking ice met with a loss of a very large amount of money by injury to one of their vessels?—A. At Collingwood?

Q. At Collingwood?—A. I do not know that.

Q. Now then, I understand you know the class of tugs that the Midland Towing and Wrecking Company have; you know the *Beaumont*, the large steel tug probably worth \$100,000?

Mr. BENNETT (Simcoe).—Worth what?

By Mr. Pringle:

Q. Oh, Mr. Playfair tells me that the latest tug is the *Traveller*. You do know the large tugs that the wrecking company have?—A. I cannot say.

Q. Did you not examine them?—A. I did not examine them. I stated that in my evidence.

Q. Have you found the letter of the Marine Association, Mr. Doutre?

Mr. DOUTRE.—Yes, here is a letter from them.

By Mr. Pringle:

Q. Dated September 13, 1906, addressed to the Minister of Marine and Fisheries (Reads):

'SIR,—I have the honour to say that at a meeting of the executive committee of this association held in Toronto yesterday, I was directed to report to you that the committee had further considered the question of the extension of the

period of navigation on the Great Lakes by artificial means, and it again adopted a resolution in the terms of those heretofore communicated to you expressing their approval of the work that has been done in the past and a request that the work upon the harbours be based upon the conditions in the St. Marys river, so that navigation may open and close concurrently with the natural opening or closing of the Sault.

'It was thought that the matter might be under consideration at the present time and that the views of the association might be of service to you.'

Q. Now, evidently you had received resolutions even prior to this date?—A. What date was that?

Q. This is dated September 13, 1906, from the Marine Association. Now then, are you aware also that the Canadian Pacific railway and the Grand Trunk railway were persistently at the department to see that these harbours were kept open so that the vessels would not be delayed in getting to the elevators?—A. They did not come before me.

Q. You cannot speak as to that?—A. No.

By Mr. Fowler:

Q. There is just one matter, do you know who prepared this Minute of Council?—A. I do not know.

Q. I want to ask you your opinion, as an expert, because you must have been an expert when you were sent up there for that purpose, as to the value of the work done in 1909 as compared with the value of the work done in 1910 according to this Minute of Council and this report of Mr. Anderson?—Now Mr. Anderson says this report on page 5 of the evidence. "It happened that last year"—he is speaking of 1909—"there was no ice up to that date and their contract was clear profit." That means that they did no work?—A. That is what I take it to mean.

Q. Now, the Minute of Council says, 'That the Chief Engineer of the Department of Marine and Fisheries has pointed out that the harbours of Midland and Tiffin are in Midland bay but Victoria harbour is in another bay further east and to include the work of breaking ice in Victoria harbour will require practically twice as much as that performed last season.' Are you able to say what that means?—A. I noticed that when it was being read, and I presume whoever drew it up was not very careful in his wording.

The CHAIRMAN.—Not only that, but he did not put in that Mr. Anderson said it would not be necessary.

By Mr. Fowler:

Q. Where did this information come from (reading from Minute),—'The minister recommends'—by the way who was the minister?—A. It must have been Mr. Brodeur.

Q. The minister recommends—as the Department of Marine and Fisheries has been informed that the harbours are freezing over and that there are still six grain-boats to arrive—that the offer of the Midland Towing and Wrecking Company to keep open the harbours of Midland, Tiffin and Victoria until the last grain-boat reaches Victoria this fall for the sum of \$5,500 be accepted.' Where did they get that information about the six grain-boats, was it from the Chief Engineer, Col. Anderson?—A. I do not know, it was not from me.

Q. Is it within the bounds of his report?—A. Oh, no.

Q. You have no knowledge of it?—A. No.

By Mr. Bennett (Simcoe):

Q. Who prepared the Minute of Council?

Mr. FOWLER.—He says he does not know.

By Mr. Bennett (Simcoe):

Q. Can't you find that by a reference to the office?

The CHAIRMAN.—The enginer says, 'I question whether any such contract as this is desirable for Midland Bay,' that is in his report.

By Mr. Bennett (Simcoe):

Q. Will you look that up about the Minute of Council? Was Mr. Brodeur away at the time this order was put through, do you remember?—A. I cannot say from memory.

By Mr. Fowler:

Q. Doesn't the engineer in his report say that there is no necessity for these ports being kept open after Lake Superior?

The CHAIRMAN.—Not these ports, Midland bay, he says.

By Mr. Davidson:

Q. Where did these grain-boats come from?—A. Lake Superior.

Q. Is it not the case that Lake Superior will freeze quicker than Midland bay?

Mr. BENNETT (Simcoe).—Yes.

Mr. GERMAN.—What does the witness say.

The WITNESS.—Yes, our knowledge is that the ports at the head of Lake Superior freeze earlier than the ports on Midland bay.

By Mr. Pringle:

Q. Is it not a fact that Duluth does not freeze earlier than Fort William?—A. I do not know about that.

By Mr. Fripp:

Q. What I think the committee are anxious to know is how the price was raised from \$500 to \$4,000 on your recommendation. Will you tell me please when you went to Midland harbour, on what date?—A. 27th November, 1907, or the 20th November, or thereabouts.

Q. I want to know the basis on which he recommended that the work be done for \$4,000, that is what I asked?—A. I was trying to supply the minister with the probable cost to the department.

Q. What I asked was, what was the date on which you were sent to investigate?—A. My report was made on November 23, 1907.

~~Q. And, of course, before you went you took steps to ascertain if there was any report is made to him. I say, 'As instructed by you.'~~

Q. And your report is dated 23rd November, 1907?—A. Yes.

Q. And, of course, before you went you took steps to ascertain if there was any information in the department as to the prior cost for this work, did you not?—A. I would think so.

Q. You have produced in evidence here a letter from Mr. Grant. You knew that Mr. Grant in writing this letter on November 23, 1906, referred to a second account for \$500 for keeping the tug in commission and keeping Midland harbour open from the 27th of November to the 14th of December, that being the day the last steamer arrived. You knew that when you went up there?—A. I admit I knew it.

Q. Well now tell me if the offer to do this work for \$4,000 had been received before you went to Midland?—A. No, it had not.

Q. It had not?—A. No.

Q. Had you any knowledge of the offer before you made your report?—A. The offer was attached to my report when I made it. I say in my report, that I have attached thereto offers from responsible parties in each place stating what they were willing to do the work for.

Q. How do you account for the fact that the offer was for \$4,000 and your report was \$4,000?—A. I had the offer when I made the report.

Q. What was your own private opinion?—A. My opinion, as I state there, was that the offer was fairly high, and that we might possibly get it reduced a little, but not very much.

Q. After your investigation what figure did you arrive at in your own mind as to the proper sum to be paid for this work?—A. I say there that this is within a reasonable distance of it.

Q. That is very evasive. I am asking you what you considered it was worth. If it was high \$500 it was your duty to advise the department of that fact.—A. Certainly, and I would have done it.

Q. What was your opinion of the value of that work, having in view that letter that I have just read as to the value?—A. In my opinion \$4,000 was reasonable and fair under the circumstances.

Q. Is that the best information you can give us?—A. That is all, that is my report and I stand behind it.

Q. Do you think \$1,000 was a reasonable amount?—A. I would certainly have said so if I had thought so.

Q. Have you any data to show what caused you to arrive at that conclusion?—A. I had the data as to the time the harbour had to be kept open.

Q. That time was no longer than it was in the year for which Mr. Grant in his letter asked for \$500 for keeping the harbour open from the 27th of November to the 14th of December?—A. I did not consider that was any criterion to go on at all.

Q. We want to know upon what you based your advice to the department?—A. I said that under ordinary circumstances the price was not very unreasonable.

Q. Upon what basis did you consider that it was not unreasonable?—A. You must judge by the way the government had to expend money upon other things. This was not very unreasonable on that basis.

Q. It seems that it is up to you to explain how you came to recommend the acceptance of the \$4,000 offer?—A. I never recommended that.

Q. You recommended it as not unreasonable?—A. I recommended that under ordinary circumstances the price was not very unreasonable and that it might possibly be reduced.

Q. How much could it be reduced, do you think?—A. I can't say.

Q. You had the data before you?—A. I had the data.

Q. Where is your data?—A. There it is, the time the harbour has to be kept open. As a matter of fact all that I had was the offer from some responsible person showing that was the outside price the department would have to pay.

Q. And simply because some responsible person reported that he was willing to do it for \$4,000 you thought that was a reasonable price to pay?—A. No, not that alone but you must give me some little time to explain. I took it that these people were to make a contract, which you have heard read here, a very tight contract—

Q. Wait a minute. Did they make such a contract for that year? No, I think you will find they did not make any contract nor give any guarantee to keep the harbour open at all.—A. That is an easy matter to settle if you turn up the contracts.

Q. Show me the contract that they made to keep the harbour open that year for \$4,000?—A. Will I read the contract?

Q. Yes.—A. The preamble is the same as the other contract, perhaps I had better just read the conditions or will I read the whole contract.

Q. Just read the conditions; are they the same as the last contract you read?—Tell me the date of it?—A. The 30th of November, 1907, and the conditions are

identical with the other contract.

Q. Identical with the other one that you read?—A. Yes.

Q. That is the one for \$4,000?—A. Yes.

Q. You returned from Midland on what date your report is dated the 23rd November?—A. My report is dated the 23rd of November.

Q. And you made your report to Col. Anderson, your chief?—A. To Col. Anderson.

Q. Saying what you have already told us, that it was not unreasonable, although it might possibly be reduced?—A. Yes.

Q. How much did you think it could be reduced?—A. I cannot say just now, you cannot put an exact price on work of that kind, it is not like building a house or anything like that.

Q. Do you mean to tell me that you, a public officer, being sent to ascertain what you think would be a fair sum to pay for a certain work did not make any data, any memoranda after the investigation, and turn it in to the department, is that your practice?—A. It apparently was in this case.

Q. That was your practice in that case. You went up to Midland, you saw the Harbour Master did you?—A. Yes.

Q. Did you discuss with him what would be a fair price? You did not?—A. Oh yes, undoubtedly.

Q. How much did he tell you would be fair?—A. I have no note of that.

Q. What else did you do besides talking to the Harbour Master?—A. As I say I got an offer from the person who he told me was the best person to get an offer from.

Q. What other enquiries did you make yourself?—A. I could not tell you off-hand now, but I got an estimate and submitted it to the department.

Q. You got an estimate from somebody who was willing to do the work for that price?—A. Yes.

Q. And as far as you personally were concerned you made no estimate in your own mind as to a reasonable sum to pay for it?—A. I certainly did.

Q. What was your figure?—A. It must have been in the neighbourhood of \$4,000, my report shows that.

Q. That is suspicious, (it is) not?—A. I think not.

Q. That your report should be \$4,000 and their offer should be \$4,000?—A. No, I do not think so.

Q. Did you not take their figure without any further investigation at all?—A. No, certainly not.

Q. But you cannot tell me what further investigation you made?—A. I could not at this moment, if you had asked me at the time I could have done so.

Q. You made no memorandum at that time?—A. No, I did not.

Q. You had, when recommending the acceptance of the offer for \$4,000, you had in mind this fact that it had been done two seasons before for \$500?—A. I did not consider it had been done at all before.

Q. You cannot say in view of that letter from Mr. Grant that it had not been kept open?—A. I do not consider that the work under this contract was anything like the work charged for in this bill.

Q. How do you reconcile your report that \$4,000 is reasonable with Col. Anderson's report that the work was not necessary at all?—A. He had three years previous information as to what had been done at the place, I had nothing of the kind.

Q. So you made an estimate?—A. It was an estimate and besides that an experiment.

Q. Did you consult with the deputy minister before you made this report?—A. I never saw him about it at all.

Q. Did you consult with anybody else?—A. In the department.

Q. Yes?—A. I did exactly what Col. Anderson told me.

Q. Did you tell him that you had investigated and you thought that \$4,000 was not unreasonable?—A. I made my report to him and signed my name to it.

Q. Did you discuss the matter with any other person?—A. I may have.

Q. Did you discuss it with the deputy minister?—A. I am sure I did not.

Q. Did you discuss it with the minister?—A. I am sure I did not.

Q. Did you discuss it with anybody as to whether you should recommend the acceptance of that offer or not?—A. Absolutely none.

By the Chairman:

Q. Could anything more be done than to keep the harbour open? Does that fulfil the contract—keeping the harbour open?—A. No, because we go into that very specifically and say that it must be kept open from open water in the Georgian bay in such a manner as to permit free passage and easy access of vessels from Georgian bay to and about all docks, wharves and elevators in the harbours of Midland, Tiffin and Victoria as long as any boat or boats wish to enter any of the above mentioned harbours.

Q. It would be no use keeping the harbour open unless there was access to the harbour from outside?—A. No.

Q. Then keeping the harbour open is all that is done under the contract?—A. Yes.

Q. You have a letter before you in which the solicitor for that very company says, "We have kept the harbour open the year before for \$500 from the 27th of November to the 14th of December", that was three days longer than they were obliged to do it under this contract?—A. I did not get the dates.

Q. From 27th of November to the 14th of December. The solicitor of this company puts in an estimate upon the value of keeping that harbour open for a period three days longer than this contract requires for \$500, and that was everything they could do to fulfil the contract. Can you tell me why you raised from \$500 to \$4,000 in this recommendation?—A. I could not tell you now but I am quite sure I must have looked into the amount of work they did for the \$500.

Q. But you had this letter before you which shows that they had done all the work that was necessary?—A. We could not tell at that time how much more work there was to be done.

Q. I know, but you had that letter before you; you could not tell at that time whether the harbour would remain open any longer that year or not. It never has remained open longer than the 15th of December. The contract for Port Arthur is only to keep the harbour open till the 15th of December. What I want to get from you now is, was there anything in your mind that induced you to increase the price from \$500 to \$4,000.—A. I did not increase the price, but in my mind I was satisfied, I know that I would have to be responsible for that report and I would certainly not arrive at that conclusion hastily nor without due consideration, but unfortunately it is so long ago now that I cannot give any other information.

By Mr. Morphy:

Q. The witness says he went to this northern point for the purpose of getting information about what the work would be worth, that is as I understand it, and that there he met the Harbour Master, and it was largely on what the latter said he made his report. (to the witness) You expressed the opinion in that report that the sum was not unreasonable, but you have given the Committee to understand that it should be done for less. Am I not stating the facts correctly?—A. I said I might get the amount reduced.

Q. Did you tell the Harbour Master that?—A. I did not get that offer until after I had left Midland. The offer never came—

Q. The offer came after you arrived here. But did you write the fact of that offer back to the Harbour Master?—A. I did not.

Q. Did you discuss it with the Harbour Master?—A. It would be out of my hands by that time.

Q. Answer the question please. Did you discuss it there on the spot with the Harbour Master when getting any figures?—A. I do not quite understand the question.

Q. The Harbour Master gave you figures did he not, as to what the work would be worth?—A. Oh, I could not remember that now.

Q. I understand you to say it here this morning. I have gathered that from your own evidence.—A. It is quite possible. I cannot swear to that.

Q. Cannot you remember what you said here ten minutes ago?—A. I am not sure that I can.

Q. Do you say now that you did not get any figures from the Harbour Master?—A. I would not say very definitely that I did; I cannot remember.

Q. Your memory is a blank, is it?—A. As far as—

Q. Did you go up there for the purpose of getting figures?—A. I was there for the purpose of getting the probable cost of the work.

Q. Well then, you got figures from somebody, did you not?—A. No, I got an offer.

From whom?—A. From Mr. Playfair, or his company.

Q. Was the offer based on what the Harbour Master told you?—A. I could not say that. I was under the impression that the offer was sent in after I left Midland.

Q. When did you make up your mind?—A. I presume when I got the offer.

Q. You presume?—A. It must have been so, because I did not know what it was before.

Q. But you told whoever made the offer, did you, that you thought it was high?—A. I didn't, no.

Mr. James Playfair was called, and made oath by affirmation.

By Mr. Fowler:

Q. Have you any objection to swearing upon the Scriptures?—A. Well, I have always affirmed ever since I have had to take these oaths.

Q. What is your objection to swearing upon the Scriptures?—A. I do not know that I have any particular reasons.

Q. Because if you object on sanitary grounds we can get a new copy of the Scriptures. What connection have you with the Midland Towing and Wrecking Company?—A. I am one of the stockholders and President of it.

Q. You reside in Midland?—A. Yes.

Q. You have lived there for some years?—A. About sixteen.

Q. Are you familiar with the ice conditions there in winter?—A. Yes, I know them first-rate.

Q. Particularly of later years, I suppose, you have known them better?—A. Business has grown so much later, than when we did not need this ice breaking.

Q. Did not need what?—A. There was not so much traffic at Midland formerly as in the last few years.

Q. In the last few years you were getting much more than you ever did before?—A. We had more elevators and the boats ran late.

Q. When did this work first begin?—A. I think it first started in 1907. In 1906 there were some boats frozen out of Midland and could not get in.

Q. In 1906?—A. In 1906 there were boats could not get into Midland.

Q. How far out were they?—A. They were out round Midland point.

Q. Did they remain there all winter?—A. No. The town took up subscriptions and raised the money and cut them in.

Q. You say they had to cut them in?—A. Cut them in.

Q. What did it cost?—A. I think the town of Midland gave \$400, and the store keepers and everybody else, including Mr. Bennett, gave something towards. It amounted altogether—the bill was I think eight hundred and some odd dollars.

Q. That was in 1906?—A. 1906 if I remember aright.

Q. How far out was the Harbour frozen at that time?—A. If you came into Tiffin and went out that way it would be four or five miles, but I should not really think it would be much over three or four miles where the boats were stuck.

Q. Three or four miles?—A. Where they were stuck. They worked the thing themselves, I believe, for three or four miles, and then the ice got very thick and they could not move any further.

Q. But where they had to be cut out was how far?—A. I would say about four miles.

Q. And that cost about how much?—A. I think it was about \$800.

Q. Was not the amount \$602?—A. No, it ran in my head about \$800.

Q. Who did the work that time?—A. Well, after they took up the subscription to do it, I think they gave the contract to a fellow named MacDougall, who worked for Mr. Pratt.

Q. Pratt & MacDougall did the work? Was not their bill \$602?—A. I don't know about their bill. It ran in my head to \$800.

Q. That was in 1906? What did you do in 1907?—A. In 1907 the Marine Association and other boat owners urged the government to keep the harbour open.

Q. Is this Marine Association a corporation that owns boats, or is it a corporation composed of boat owners?—A. It is composed of all the boat owners in Canada. Francis King is the counsel in Kingston.

Q. What did this association do?—A. I think they wrote to the government and asked them to keep the harbour open.

Q. Do you know this of your own knowledge?—A. I know it through the Marine Association.

Q. Are you a member of that association?—A. Yes, and they were asking the government to keep the harbour open.

Q. Were you at the meeting when this matter was discussed?—A. I could not say as to that.

Q. You do not remember?—A. No, but I know it was done.

Q. Did you meet Mr. Fraser in 1907?—A. When was he up in Midland? I met him. He came down and asked me about the——

Q. Did you have any conversation with him?—A. He came down and asked me about keeping the harbour open.

Q. Did you tell him what it was worth?—A. I don't know whether I told him or wrote down after he went back. I really forget that part.

Q. Did he ask you what it was worth?—A. Oh yes, he asked me what it was worth. From memory I should say he did.

Q. And what answer did you give him at that time?—A. Well, from memory, that year it was \$4,000.

Q. You said it was worth \$4,000?—A. I told him we would do it for \$4,000.

Q. Was that just a gamble for you—just a bet—or was it a decision arrived at after careful consideration of the history of previous seasons?—A. No. You see we never had it any year before. That was our first year.

Q. And did you not consider the history and the condition of the harbour in regard to ice in previous seasons?—A. I figured up when the harbour closed up, and how late the boats would run, and we had so many days, that is, we would work so many days.

Q. Working with your boats—A. Yes.

Q. How much would you consider it worth with your own boats?—A. Just from memory I figured it would take about sixteen days.

Q. How much with your boats?—A. I was just going to tell you. About sixteen days and about \$250 a day.

Q. \$250 a day for sixteen days?—A. Yes.

Q. You would have to keep the harbour open until about the 14th of December?—A. We had to keep it open until the last boat came in no matter if it was the 18th or 20th.

Q. You had to keep open until the 14th December?—A. According to what the contract says.

Q. And the average freezing of the harbour was at what date?—A. I have seen the harbour freeze around the 25th of November, and then I have seen it keep open till near Christmas. It is one of those things you cannot tell.

Q. And so you figured on sixteen days.—A. I would say from the 28th November. That would be to the 14th December.

Q. So you figured on the 28th November to the 14th December?—A. Yes.

Q. Which would be sixteen days?—A. Yes.

Q. At \$250 a day?—A. That is right.

Q. And you were taking the very earliest date at which the Harbour freezes?—A. I think nobody would do it without any contract.

Q. If they could get a contract.—A. Yes.

Q. If they could get the contract and had as easy a chance as you they might easily do it.—A. I think it was very fair, sir.

Q. Well then, you did not take into consideration the fact that the year before the work had only cost a little over \$600?—A. That had nothing to do with it because you cut out a boat to-day and two days afterwards you might have to cut it out again.

Q. But if you had your own boat in commission you could go up and down the channel with it?—A. We ran day and night all the time.

Q. Yes?—A. That is the only way you can keep the harbour open.

Q. There is no heavy work to be done?—A. As a rule you do not let the ice get thick. As soon as it starts to freeze you keep running in and out all the time.

Q. That is what I say; it is only moving the boat backward and forward.—A. Except you get into a chunk of ice and have to cut another channel after the boat passes.

Q. And you did not take into consideration at all the fact that you only needed to break ice for a short time in the previous season?—A. Oh, no, that had nothing to do with it.

Q. How did you come to take \$3,200 the next year?—A. I think the department thought we were a little too high and asked us to reduce it, and so we reduced it to \$3,200.

Q. How did the department know?—A. I suppose the ice conditions were not as hard as before.

Q. Do you know what the conditions were that winter?—A. About the average, as far as I can remember.

Q. And about how much ice breaking would you need to do. When did the last boat come in?

By the Chairman:

Q. If nothing was done in the year you got the \$3,200, did you hand back the money?—A. They never asked for it.

By Mr. Fowler:

Q. How much work did you have to do for the \$4,000?—A. The \$4,000 year?

Q. Yes.—A. I think we had a steady year that year.

Q. What time did you have to begin to break ice that winter?—A. I think around the latter end of November, towards the end of November.

Q. What are you depending upon, your memory?—A. That is all.

Q. You have not refreshed your mind?—A. No. We ran a lot of boats into Midland. I know they kept coming in until late.

Q. Will you swear that you did a bit of ice breaking before the 6th December that year?—A. Oh, no, I would not.

Q. Will you swear you did any before the 10th of December?—A. I don't know. We were all ready. If we did not do it we had the tugs in commission to do it.

Q. You were all ready but you did not do any ice breaking before the 10th December?—A. I would not swear.

Q. Will you swear that any grain boat came in after the 12th of December?—A. I would not say into Midland, but we were ready if they did come in.

Q. But as a matter of fact you will not swear they did come in?—A. No, but—

Q. Are your books here?—A. No sir, I have got no books.

Q. Were you not instructed to bring them?—A. I had nothing but the contract and letters.

Q. Those are not books.—A. I have got no books. I did not have any books for that.

Q. You do not keep books on these things outside your business?—A. No, the tugs are in commission and the wages go on.

Q. You do not keep account of what the tugs earn?—A. Yes.

Q. And the moneys you receive from the department, what do you do with them, do they go through your books?—A. Everything goes through the books, but I have no particular books in connection with this contract.

Q. We want to see how this money was apportioned or divided up.—A. I have got all the letters here and cheques and acknowledgments and the contracts.

By the Chairman:

Q. What Mr. Fowler means is that this concern is the Midland Towing and Wrecking Company, and the cash would go through the books.—A. We got the cash and deposited it in the bank.

Mr. FOWLER.—We want your books, you were required in your subpoena to bring them.

Mr. PRINGLE.—I do not know that it is right for this committee to go into the private business of the Midland Towing and Wrecking Company, as to what they may have done with all their money. We are quite open to show that our contract has been fulfilled and we got our money. I think the company is not obliged to show how they expended all their money.

The CHAIRMAN.—I do not think there should be any objection to producing the books; if everything is all right why—

WITNESS.—I have the cheques deposited in the bank.

Mr. FOWLER.—Well, we would like to go through them.

Mr. PRINGLE.—It seems to me that you are pretty well confined to 1910 in this investigation. The item of \$5,500 is the only item that is before this committee.

The CHAIRMAN.—We have already gone into all the items of the years before and you cannot very well object now. We have investigated the previous years' items for the purpose of making a comparison of prices.

Mr. FOWLER.—We have a right to do that.

Mr. PRINGLE.—The best authorities lay it down that you have not that right, that the investigation is confined to the item under investigation.

By Mr. Fowler:

Q. You will have these books here to-morrow?—A. I will try.

The CHAIRMAN.—If there is any question as to our right to go back, we have only to pass a resolution to have the Auditor-General's reports of the previous years come up.

Mr. PRINGLE.—Mr. Playfair is willing to attend this committee, but he has got to be in Montreal to-morrow. If you can finish his examination fairly well today, then he will produce all these books at such time as will be suitable for the committee.

WITNESS.—I have got to be there on Friday too; some day next week I could come back.

By Mr. Fowler:

Q. Say Tuesday of next week. Now do you know Mr. F. W. Grant?—A. Yes, sir.

Q. Has he any business connection with you?—A. He used to do some law work for me.

Q. He was your solicitor?—A. Yes sir.

Q. Is that all?—A. That is all, he was not interested in the Towing Company.

Q. He was just your solicitor?—A. Yes, sir.

Q. Did he send in an account for you for a certain amount for work done there, dated 23rd November, 1906. Did he write a letter for you dated 23rd November, 1906?—A. I see in the report here he did.

Q. Is that the first you knew of it?—A. No, I know he had sent in an account to the department for this amount.

Q. That was on November 23, 1906. When was this work done that is covered by that letter?—A. This \$500 is that what you refer to?

Q. Yes?—A. That was for keeping a small tug in commission to go and take off the lighthouse keeper off the Western islands.

Q. Was that all it was for?—A. It was not for keeping the harbour open at all.

Q. Then you did not properly instruct him because he says: 'The second account is for \$500 for keeping the tug in commission and keeping Midland harbour open from the 27th of November to the 14th of December.' What have you got to say about that?—A. I would say he made a mistake. We kept the tug in commission so that we could go out for the lighthouse keeper. It was not for breaking ice.

Q. How many lighthouse keepers are there that you got in?—A. Well, the Western islands was the furthest one out.

Q. Was that the only one?—A. I would not be sure whether we took off the one off Giants Tomb or not.

Q. Wasn't that man on the Western islands the only one?—A. I think he was the one we were to go out for.

Q. That was what you charged \$500 for, wasn't it?—A. To keep the tug in commission.

Q. To keep the tug in commission?—A. Yes.

Q. How far would it have to go?—A. 33 miles.

Q. And you charged \$500 to go 33 miles to get this man off?—A. Yes, and to keep the tug in commission at the same time.

Q. And you were not keeping Midland harbour open at all?—A. Not that year.

Q. Wasn't Grant there? He lives in Midland doesn't he?—A. Yes.

Q. Didn't he know that you were keeping the harbour open?—A. I do not think so.

Q. You do not think he would know anything about it?—A. No, he is a lawyer.

Q. Was that the reason why he would not know?—A. Yes.

Q. You must be very unfortunate in the class of lawyers up in your community?—A. He would not be around the water-front.

Q. Is not the harbour in sight?—A. Not the whole harbour.

Q. Isn't he your solicitor?—A. Yes.

Q. He has something to do with dredging, hasn't he?—A. I do not know that.

Q. You do not know?—A. That has nothing to do with this question.

Q. You say you do not know. Remember you are on oath. Answer the question?
—A. I will.

Q. Now, sir, isn't he secretary of the dredging company?—A. Yes.

Q. You did not know at first, now you know?—A. I just said I did not think it had anything to do with this question.

Q. And you said you did not know?—A. I did not want to be rude to you or anything like that.

Q. I am not speaking of rudeness, I can take care of myself when it comes to rudeness. I want to know whether you said you did not know that this man was secretary of the dredging company in answer to my question. A.—

Q. That was just a kind of a slip out.

Q. What do you mean?—A. Oh just to put you off, may be.

Q. Would you perjure yourself, sir, in order to put me off?—A. Oh, no. You were asking about Grant and the harbour.

Q. Just answer my question, dont talk, let me do the talking at this present juncture. I want to know why you said you did not know whether that man was secretary of that dredging company or not?—A. I do not know that I can answer that.

Q. Isn't that untrue?—A. Well, he is secretary of the dredging company.

Q. Isn't it untrue that you did not know?

Mr. CARVELL.—I don't want to interfere but Mr. Playfair did not say he did not know.

Mr. FOWLER.—He did say so.

The CHAIRMAN.—It is all down and the record will show.

WITNESS.—If I said that and you took me up wrong I withdraw. He is the secretary of the dredging company.

By the Chairman:

Q. Has the dredging company their headquarters at Midland?—A. Yes.

By Mr. Fowler:

Q. You say that the dredging company has its headquarters at Midland?—
A. Yes, sir.

The CHAIRMAN.—So he would likely know something about the harbour.

By Mr. Fowler:

Q. Mr. Grant is secretary of the dredging company which had its headquarters at Midland, where Mr. Grant lives, and even though he has the misfortune to be a lawyer, wouldn't he know something about that harbour at Midland?—A. I do not think he would be very well up in it.

Q. Do you say he would not know about the harbour and when it would freeze over?—A. He would know when it froze over solid, but he would not know what we were doing every day.

Q. Wouldn't he know from the 27th November to the 14th December you were keeping the harbour of Midland open that year?—A. He would know we had the tug in commission for that lighthouse job.

The CHAIRMAN.—If he does not know these circumstances why did the department act on his advice when he said that the ice should be broken in the harbour?

By Mr. Fowler:

Q. What do you say to that?—A. I told you——

Q. Apparently he is the man who takes the initiative to say whether the harbour is to be kept clear of ice and suggests the contract, and yet you say he does not know anything about it?—A. I would tell him to write what he wrote.

Q. You told him what to write?—A. If he wrote a letter to the department he would ask me before he wrote it.

Q. What to write?—A. About the matter.

Q. And he would write it according to your instructions?—A. I do not know, he might put a word in wrong, and I would not see the letter before it went out, and there might be a wrong word there.

Q. Do you say this gentleman is so careless of the truth, this man Grant, that he would state that this amount was for keeping Midland harbour open from the 27th November to 14th December, mark the dates,—that could not be a mere slip out as you call it; that must have been deliberate?—A. I would say that not being conversant with marine matters he might easily put a wrong word in.

Q. What wrong word has he put in?—A. About keeping the harbour open.

Q. It is not a word, it is a whole phrase?—A. I think the easiest way to fix that would be to see the bills sent for that \$500, and see how it reads.

Q. Read that account out, Mr. Playfair?—A. That is 1905, keeping the tug *Minnetaga* in commission, and keeping the harbour open until the last steamer arrived on December 14th.

Q. Then it gives the date?—A. November 30, 1905.

Q. Read the account?—A. "To keeping tug *Minnetaga* in commission and keeping the harbour open till last ~~steamer~~ arrived on December 14, 1905, \$500."

Q. That gives the date. Who made out that amount?—A. Our book-keeper, Mr. Benson.

Q. Your book-keeper makes out this account, and your solicitor writes this letter? And in both cases it is for keeping the harbour open, and you say it was not for keeping the harbour open?—A. I say it was for taking off the lighthouse keeper.

Q. We want to take all these statements in?—A. That is 1905.

Q. This is the hand-writing of your book-keeper?—A. Yes, sir.

Q. We may want the book-keeper; is he in commission yet?—A. He is around.

Q. And we will probably want Mr. Grant. Now, what lighthouse keeper was it?—A. From memory, as I said before, he was from the Western islands.

Q. Do you know a man of the name of Ed. Burke?—A. Yes.

Q. Who is he?—A. One of our captains.

Q. Did this man in 1906 have a tug of his own?—A. No, sir.

Q. He did not. Wasn't he the man who brought off this Western island lighthouse keeper that year?—A. Yes, I think he brought him off. He was one of our captains, and he had an interest in the *Minnetaga*.

Q. Do you know of Burke putting in any account for this same service, bringing off the Western islands lighthouse keeper?—A. I do not think so.

Q. And charging \$25 for it?—A. I do not think so.

Q. Would that not be a fair price?—A. It would not pay for the oil.

Q. Would not pay for the oil?—A. Not at that time of the year.

Q. Was there ice-breaking to be done, did you have to break the ice to get to the Western islands?—A. No.

Q. What tug was it?—A. I think it was the *Minnetaga*.

Q. How big is she?—A. She is a little tug about sixty feet long.

Q. What would it be worth to go to the Western islands and bring off this light-keeper? There was no ice-breaking to be done?—A. In December?

Q. Whenever this service was performed?—A. It was easily worth \$200 or \$300.

Q. How long would it take?—A. You might be three or four days and you might be a day.

Q. And how long were you?—A. I do not know how long we were.

Q. That is something we want to get information about, how long you were?

—A. We kept the tug in commission so as to be ready to go out when required, and we charged for that.

Q. You charged for that as well?—A. That is what makes the \$500. It says here, 'keeping tug in commission.' The first account is \$388.27.

Q. \$388.27?—A. That was to take the tug out the first time, Mr. Fitzpatrick came up there, I think that was his name, to fix up the lighthouse and we were with him nine days on that trip. That bill came to \$388.27.

Q. How much for that trip was the charge for the boat?—A. Nine days at \$40 a day, and after that arrangements were made to go out when the season closed and bring in the lighthouse keeper, that is according to my memory.

Q. Who did you make the arrangement with?—A. I do not know that it was made at all, we sent in a bill afterwards when it was all done.

Q. But you made no arrangements at all?—A. No.

Q. I understood you to say just now that was the arrangement?—A. You mean for the \$500?

Q. For any part of it; did you make arrangements for any part of it?—A. I think we made an arrangement with Mr. Fitzpatrick when he was up there.

Q. Who was Mr. Fitzpatrick?—A. He was some fellow sent up there by the Government to look after that. That was the year, Mr. Fowler, that the insurance was extended on all of our risks up to the night of the 12th of December leaving Fort William—

Q. 1906?—A. 1905, I think it was; this Government got the lighthouse keepers to stay on until the last boat was in and the Government agreed if the lightkeepers would do so that they would take them off; you know the lighthouse keeper is supposed to come in from his light when the weather is fit, because you might be on the islands for a month and you could not take him off on account of the weather.

Q. This bill was for work performed in 1905? I think that is as near as I can find out.—A. In 1906, here is the \$500 bill here.

Q. But was it not for work performed in 1905? Or was it in 1906? It must have been in 1905 because the date of this letter is in November 1906, and the bill is for the 17th of November to December, 1905?—A. I would say it was 1905.

Q. I want to ask you this, did not Mr. Burke take off the keeper of the Western Islands light in 1905, and did he not put in a bill for \$25 for that very service?—A. I could not answer that.

Q. You cannot answer that?—A. No.

By the Chairman:

Q. You say Mr. Burke was a partner in the tug?—A. He had some stock.

By Mr. Fowler:

Q. He had some stock in the *Minnetaga* and was captain of her?—A. I do not know if he was captain of her or not, but he has stock in her.

Q. You say that this \$500 you have charged here was not for keeping Midland harbour open as stated in the bill and in Mr. Grant's letter, but was for bringing off the keeper of the Western Islands light?—A. That is my recollection; the transaction was so far back, now seven years, but that is my recollection of the whole thing. I might be wrong, but I do not think it.

Q. Then you have no basis upon which to go, so far as former payments were concerned, in making up your \$4,000 tender for keeping Midland harbour open?—A. Yes, I have what the tug was worth at that time of the year, and having regard to how many days we would have to be on the job, I took it at that rate.

Q. You took it at that rate?—A. Yes, from along around the end of November to the 14th of December, 16 days.

Q. To the 14th of December?—A. Yes; or I might have to go over that.

Q. Your contract only went to the 12th?—A. I think our contract said till the last boat came in.

By the Chairman:

Q. Was it the same tug you used this year?—A. No, sir. One year some boats came to Midland and could not get in.

By Mr. Fowler:

Q. Now Mr. Playfair, supposing this tug *Minnetaga* had her crew aboard and her steam up what charge would you make for a special trip to the Western islands to take off the light-house keeper?—A. In the fall of the year?

Q. Yes, under ordinary circumstances?—A. And guarantee to take him off?

Q. Yes, how long would it take?—A. I would go by the day.

Q. Supposing you took him off without a guarantee?—A. Then I would go by the hour.

Q. And how much would you charge per hour?—A. At that time of the year for that tug about \$10 per hour.

Q. How many hours would it take her to make the trip if conditions were favourable, the weather smooth?—A. If we had a real good run out there and back, about 8 hours.

Q. And the charge would be \$80?—A. It would, at that time of year.

Q. At other times of the year what would it be?—A. Oh, in the summer time a tug of that size for ~~an~~ hour work would ordinarily get \$4.

Q. Then the charge would be \$40?—A. That is for going out and back, it would be about \$40 or \$50.

Q. And you only charge \$40 a day for your work for Mr. Fitzpatrick?—A. Yes, but she would not be working, she would be idle pretty nearly half the time.

Q. But all her crew would be on board?—A. She would only have a small crew of two or three men.

Q. Would she not have the same crew on board when she took off the light-keeper?—A. About the same.

Q. And the conditions would be the same, would they not?—A. This was late in December.

Q. Yes, Mr. Playfair, but say you have gone and done the work, and it has only taken you a day, why should you charge more with the same crew aboard than you would at any other time?—A. You are referring to the \$500 now, are you? I do not know what you are referring to.

Q. I am asking you what it would be worth to go to the Western islands with this tug, supposing she were in commission with her crew aboard and steam up, what would it be worth to go to the Western Islands and take off the light-keeper?—A. I have told you that if it were in December, at that time of year it would be worth \$10 per hour.

Q. This is supposing you were hired to do it, but what I am asking you is supposing you had already done it, without any hiring or without any agreement, and you had gone out and taken him off and it had only taken you one day what would you charge me for that work?—A. I do not know what I would charge you at that time, of course it would depend on conditions, \$50 or \$100.

Q. Mr. Burke charged \$25 would that be a fair charge?—A. I think it would be cheap, he must have been doing something else at the time in order to be able to do it at that figure.

Q. How much would you say that he was too low?—A. Quite a bit too low.

Q. How much?—A. I could not answer you without I knew the conditions. The only answer that I can give you is that maybe Mr. Burke was on the way to pick up the buoys for the Government, and there is one buoy out there at the Western Islands, that is Hope Island light, that is off the Western Islands shoal. Mr. Burke may have been out lifting the buoys and saw a nice chance to slip over and pick up the light-house keeper and then put in a bill for that extra few hours he was engaged on that job. That is the only way he could do it for \$25, because no man can go out from Midland and pick up the lightkeeper from the Western Islands and bring him in even in a row boat or any other kind of boat for that sum.

Q. Would he do it for less than \$40?—A. I do not think he would do it for that.

Q. How much would he do it for?—A. You might get some fellow to do it as low as \$5 an hour, but I do not think so.

Q. And if he had fair conditions he would do it in a few hours?—A. Yes, that is one of the chances you would run.

Q. What tug does this man Burke pick up the buoys with, the *Minnetaga*?—A. Well, up till the time we sold her he did.

Q. When did you sell her?—A. I think about four years ago.

Q. Did you have the tug *Minnetaga* in 1907?—A. Now, I would not say for sure.

Q. Did you have her in 1906?—A. I think so, we sold her and since then he takes up the buoys with the *Traveller* or the *Mamolia*.

Q. Tugs belonging to the Midland Towing and Wrecking Company?—A. Yes.

Q. Has he stock in them?—A. Yes.

Q. Now, is he the real contractor or is the contract only just in his name?—A. Well, he is the contractor for picking up the buoys, that is in his name.

Q. Is he the real contractor?—A. Oh, no, the company gets the money; he hands the money over to the company.

Q. And that has been true of these contracts all along, hasn't it?—A. Yes, sir.

Q. Have you many contracts that way held in the name of others?—A. Oh, no, he kept that contract. He has had it for so many years, the government just went on renewing it with him.

Q. When did it first become the actual property of the Midland Towing and Wrecking Company?—A. Well, when Captain Burke joined us.

Q. When was that?—A. I do not know what year, it must have been five or six or seven years ago.

Q. It was before 1905 then?—A. I would think so, about 1904 or 1905.

Q. It would be before 1905?—A. I would think so, yes.

Q. And though he held the contract in his own name yet it was really the property of the Midland Towing and Wrecking Company?—A. Well, yes, because he worked for us by the year.

Q. Exactly, he was your servant. Now when you saw Mr. Fraser in 1907 do you remember what you told him with regard to these buoy contracts?—A. No, I do not know that I said anything to him at all about them.

Q. Do you know that you said anything at all to him?—A. No, I do not remember so far back as that.

Q. You do not know whether you said you could do it cheaper than anybody else on account of having the buoy contracts?—A. No, I do not think so; I might have, but I do not remember that at all.

Q. You do not remember that you said anything about that to him at all?—A. No.

Q. You do not know whether that entered into consideration arriving at a decision as to the value of the work of keeping the harbour open, that you had the buoy contract?—A. I could not say, sir.

Q. Would it make it cheaper?—A. I could not answer that.

Q. Would it have that effect, make it cheaper?—A. No.

Q. The fact of your having the buoy contract would not make it cheaper?—A. No.

Q. Why?—A. Because the buoy contractor is supposed to take them up before any ice forms.

Q. And therefore it would be no advantage because you would not keep the tugs in commission after the formation of the ice for the purpose of taking up the buoys?—A. No.

Q. Then, if Mr. Fraser based his opinion of the value on the fact that your tender would be lowest because you could do it cheaper on account of having the buoy contract he would be entirely wrong?—A. I don't know what he did.

Q. Would he not be wrong?—A. I would not answer for Mr. Fraser.

Q. You are not going to answer for Mr. Fraser, you are going to answer for yourself.—A. I would say one had nothing to do with the other.

Q. One had absolutely nothing to do with the other. In 1908 you made another contract?—A. Yes, sir.

Q. For doing this work, did you not?—A. In 1908, 1909, and 1910.

Q. What was the amount in 1908?—A. \$3,200.

Q. Why was it \$3,200?—A. Well, I reduced the price, the Department thought it was a little too high.

Q. Who intimated that thought to you?—A. I don't know how they intimated it but I understand they said it was too high.

Q. From what source did you get that information?—A. I don't know whether it was a letter or whether Mr. Grant was down here and saw them, or whether he heard from him.

Q. Did you instruct Mr. Grant to find out?—A. When Mr. Grant was in Ottawa I often told him to drop around and find out what they were going to do about ice breaking.

Q. Was Mr. Grant in Ottawa frequently?—A. He had to come down now and then, not very often.

Q. Was he here frequently on your business?—A. No. Sometimes he would come down on ours and sometimes on other business.

Q. He had to do with the contract of this Company, had he not?—A. Yes, and the Indian Department for ties.

Q. You had contracts with the Indian Department?—A. We used to tender on the Manitoulin Island for ties. We got it one year, and another year we did not.

Q. Did you get the contract?—A. One year, and another year we were not in it.

Q. And Mr. Grant, you say, was down here and it was intimated to him by the Department that the amount would have to be reduced.—A. From memory I would say that when Mr. Grant came down they said that the price was a little too high and that we must reduce it, and we made it \$3,200 the next year.

Q. How did you come to take \$3,200.—A. The tug was \$200 and we estimated it on that basis.

Q. What tug was that?—A. We had the *Minnedora* and the *Beaumont*.

Q. Well, we will take that year, 1907. Let us go back to that for a moment. How many tugs did you keep in commission that year until the 14th December?—A. All the tugs were in commission up to the end.

Q. How many were there?—A. Well, I think there were four.

Q. All kept in commission, that is the crews of them?—A. No, the way you do with a tug boat, we keep the engineer, the captain and the fireman, and then we keep the cooks for the two big tugs so that if you have to go out on an emergency call you can easily pick up the rest of the crew; but we do not use the big tugs at all in breaking ice.

Q. You do not use the big tugs at all in breaking ice?

Q. What tugs did you use? Did you use the *Minnetaga*?—A. No, the *Beaumont* and the *Minnedora*, and one day we used the *Midland Queen*.

Q. You used the *Minnedora*?—A. And the *Beaumont*.

Q. That is in 1907.—A. I think that is in 1907.

Q. And the *Midland Queen*?—A. I used the *Midland Queen* one day in one of the years.

Q. You do not know that that was in 1907 at all?—A. I told you that. You asked me what tugs I used on this work and I was telling you.

Q. Do you know whether you used any tug at all for breaking ice?—A. You asked me before. I said I did, but I was not quite sure. I know one year we did not have much ice breaking to do.

Q. Was that the year 1908?—A. I don't know which year it was.

Q. Do you know whether you had any tugs in 1908?—A. We had them but there was one year that we did not have much ice-breaking.

Q. And you cannot tell which year it was, 1907 or 1910?—A. It was not 1907. I could not tell you which year it was, but I know there was very little ice.

Q. Was there any ice in 1910?—A. Oh, yes, we broke ice down at Victoria harbour, and Tiffin and all around.

Q. That was 1910, you are sure of that?—A. Yes.

Q. What tugs were used to break ice in 1910?—A. The *Beaumont* was the one we kept for it, and the *Minnedora*.

Q. How about 1909, do you remember that?—A. No. I do not know which one of these years it was, but it was one of them.

Q. Did you write a letter to the Department saying you would make the price \$3,200?—A. I think I wrote, I am not sure.

Q. You think you did write a letter to the Department saying you would take \$3,200.—A. I think, as near as I can remember, when Mr. Grant told me that, I wrote to the Department saying we would make the price \$3,200.

MR. PRINGLE.—There is a letter here.

THE WITNESS.—I think there is a letter to that effect.

By Mr. Fowler:

Q. Yes, in 1908. Did you do that yourself, Mr. Playfair, did you close the bargain yourself?—A. I would not be sure. Where is the letter, what page?

Q. Never mind the letter.—A. I just wanted to help you all I can in telling the exact dates.

Q. You say that Mr. Grant told you this? How did you make up your mind?—A. From memory, I think that Mr. Grant was down here and he told me that the department thought it was too high.

Q. Too high?—A. And they thought we should come down a little, and then I decided to make it \$3,200 and put a tender in for \$3,200.

Q. Did you put a tender in?—A. I don't know whether I put a tender in or whether Mr. Grant put a tender in when he was down here. I know that is the way it was and we got a grant of \$3,200.

Q. As a matter of fact it was Mr. Grant put the tender in when he was down here.—A. I think that is right.

Q. Did you have a conversation with him before that at Midland, or did he call you up by telephone?—A. I would think he likely came to me and that he talked it over and then he came back here, I think that is the way.

Q. And then he came back and put the tender in?—A. I would think so, that he put the tender in from here.

Q. That was all Mr. Grant had to do with it?—A. That is all he had to do with it.

Q. Was there any more about it after he put the offer in?—A. I don't recall anything from memory.

Q. Any more directions to Mr. Grant with regard to it?—A. I don't remember anything of the sort.

Q. You do not remember anything?—A. No.

Q. Was your tender accepted at once?—A. I think so. I think the department wired me to say they would accept my offer and to start to work right away.

Q. When did they wire you that?—A. Well, I don't know. In November some time, towards the end of November.

Q. Was that not after Mr. Grant had written them a second time?—A. I would not be sure, Mr. Fowler.

Q. Would he do that without your instructions?—A. He might try to hurry them up, they might be a little slow you know.

Q. And they wired to you, you say, accepting your offer? There was no competition with regard to this that you know of?—A. I don't think there was any. I don't think there was anybody up there had any tug to do the work.

Q. I understood you to say that you kept four tugs in commission?—A. I said we kept four right up to the date.

Q. What do you mean by that?—A. To the close of navigation.

Q. You kept these tugs in commission, with the captain, the engineer and the cook?—A. And the fireman and the wheelsman.

Q. On the tugs. Was the *Minnedora* one?—A. The *Minnedora* was kept in commission the last, and then the *Traveller* and the *Magnolia*.

Q. And the *Beaumont*?—A. And the *Beaumont*.

Q. All ready to do this work, you say?—A. Oh, no, I will not say that, but suppose you have got to keep those big tugs in commission in case there is any wreck outside.

Q. That is your business, is it, you are a wrecking and towing company?—A. Yes, sir.

Q. And you keep tugs for the purposes of a wrecking company?—A. Big tugs, yes.

Q. The big tugs are not your ice breakers?—A. No.

Q. You use the little tugs?—A. I use the steel one for breaking ice.

Q. Which one is that?—A. The *Beaumont*.

Q. Is she a small tug?—A. She is not very large.

Q. She is not one of the big tugs?—A. Oh, no, she is seventy odd feet.

Q. What is it worth to keep her in commission?—A. It is pretty hard to tell.

Q. What does it cost you, how many men do you keep on her?—A. On her we would keep ten men.

Q. You would keep about ten men. And had you ten men on the *Beaumont*, the ice-breaker?—A. Well, there would be that number on some times and other times not as many.

Q. I am talking about these sixteen days?—A. I don't think they would average ten all the time.

Q. There was not any time when there were ten of a crew except when you were ice breaking?—A. I think there would be ten on.

Q. You had no difficulty in picking up a crew so long as you had the captain, the engineer and the fireman?—A. Oh, no. You can pick an odd fellow up every day at that time of the year.

Q. Then all the tugs you require to keep in commission for the purposes of ice-breaking was the *Beaumont*?—A. That would be the only one, and then keep another one for an emergency if anything happened to the *Beaumont*.

Q. You had these other tugs for wrecking and towing purposes?—A. We always keep them in commission until the last boats are in.

Q. You always keep your tugs in commission until the last boats are in, is that right?—A. Yes.

Q. And you did not keep any additional tugs in commission on account of this extra work?—A. We would keep another tug in commission in case anything happened to the *Beaumont* because we had the contract for breaking ice.

Q. Suppose you had no contract, these tugs would be in commission just the same?—A. We would have to keep a big one for insurance purposes.

Q. And the only one you employed on your extra work was the *Beaumont*?—A. The only one I really employed on the ice.

Q. And would that have been in commission if you had not had the ice-breaking contract?—A. I could not say.

Q. Would she be in commission on account of your other work?—A. She would not be big enough to go out on the big lakes at that time of the year on a wrecking job.

Q. Then you kept her on account of your ice-breaking job?—A. Yes.

Q. You kept the captain, the engineer and the cook in pay?—A. On the big tugs, yes. Of course the *Beaumont* had a regular crew on board.

Q. What do you say?—A. You asked me if I kept the captain, the cook, the engineer and the fireman, and I told you yes, that we kept them on the big tugs all the time. The little tug had her full crew.

Q. How many men?—A. She ran night and day, and she would take five or six men.

Q. What would be her crew in 1907?—A. I could not tell you off hand.

Q. What was the crew that was kept on board of her all the time?—A. I think six, eight and ten men.

Q. Will you swear to that?—A. No, I will not swear to that, but I am satisfied it was eight to ten men.

Q. What do you say?—A. Eight to ten men I think.

Q. Were they kept on board all the time?—A. I don't say what time. You asked me the full crew of that boat and I said eight or ten men.

Q. I asked you how many men were kept on board during the sixteen days that you were ice-breaking last year?—A. I could not say.

Q. What was the exact number kept on the *Beaumont* during that time?—A. I could not give you the exact number.

Q. Were there more than three men?—A. I would say off hand it would be about six.

Q. Bring your books and they will show that.—A. I don't think they will.

Q. They certainly will.—A. I don't think it, but I will look it up. We had two captains.

Q. Who were the two?—A. Kinney.

Q. What is his first name?—A. George Kinney.

Q. What is his address?—A. Midland.

Q. Is he there yet?—A. Yes, sir.

Q. And who is the other one?—A. I do not know whether the other is Frank German, I really forget the other fellow's name, and I could find out and let you know.

Q. Now then what would it be worth, supposing you kept the crew on board that tug and kept the steam up on her?—A. The exact expense?

Q. About?—A. I should think about \$40.

Q. About \$40 a day?—A. Just to keep her at the dock.

Q. Yes, keeping steam up and the crew on board, about \$40 a day. Mr. Grant was your solicitor, was he your personal solicitor or solicitor for the Towing Company?—A. Well, he acts in both capacities.

Q. Was he paid specially for these deals, these contracts?—A. I would say no. He just put in a bill for what work he did and we would pay him.

Q. He would put in a bill?—A. That is what I would say.

Q. We would like to see the bill. Can you remember any charges that he made?—A. I cannot remember any amount.

Q. Cannot you remember anything near the amount, approximately?—A. No. \$500, \$200, \$100, or \$50?—A. I cannot remember.

Q. You cannot remember anything about it?

Mr. CARVELL.—I object to my friend going into any private transactions between this gentleman and his solicitor.

The CHAIRMAN.—Supposing that this solicitor got half the price of this contract, would it be improper to ask it?

Mr. CARVELL.—No, because then he does not get it for solicitor's fees.

Mr. FOWLER.—How do you know; that might be the arrangement.

The CHAIRMAN.—The witness is not objecting himself.

Mr. CARVELL.—I am going to object to this witness being asked to produce here the private bills of his solicitor.

The CHAIRMAN.—The only person who could object to that would be the solicitor and his client, and as neither has objected I do not see why you should.

Mr. PRINGLE.—I, as his solicitor, object to going into any private business between Mr. Grant and Mr. Playfair.

The CHAIRMAN.—Would his business be considered private supposing a payment was made to this solicitor in consideration that he got the contract from the government?

Mr. PRINGLE.—The relationship between solicitor and client is pretty well privileged.

The CHAIRMAN.—Mr. Playfair says he has no objection, and I suppose you have no objection to prevent it.

The WITNESS.—If I got a chance now I would not take the contract for \$5,500.

By the Chairman:

Q. You said something about having to keep your boats in commission because of insurance; what do you mean by that?—A. Our last boat leaves Fort William at midnight on 12th December and they come down to Collingwood and all the other Georgian Bay ports, and supposing one of them was to get into trouble we would have to get some one to relieve her, we would get one say from the Great Lakes Towing Company. I went out in 1903 with the *Canada Atlantic* at \$1,000 a day.

Q. So that in the interests of the safety of your own boats you have to keep the Midland harbour open?—A. Oh, no, I have not. I could put these big tugs in Collingwood harbour if I wanted to.

Q. Midland is your headquarters?—A. Yes.

Q. As a matter of fact, in your own interest, to preserve your insurance on your boats, you have as a practice been keeping Midland harbour open?—A. Oh, no, not without being paid for it. One year a boat came in, the *Matthews*, and could not get in, and it had to go to you—town to be unloaded. Midland does not want to get a bad name for boats not getting in. If you do not come to me to break the ice you have to give it to somebody else.

Q. There was one year in which you kept the harbour open of your own volition without any instruction from the government?—A. I do not think so.

The CHAIRMAN.—Well the correspondence shows.

Mr. PRINGLE.—That is only 1905 that refers to.

Mr. BENNETT (Simcoe).—That boat has been coming for twenty-five years when there was no ice-breaking.

By Mr. Fowler:

Q. Is that not a fact?—A. I was not there that year.

Q. You have been there?—A. Boats did not leave Fort William and Port Arthur then as late as they do now.

Mr. BENNETT (Simcoe).—I have seen them come in on the 15th December.

By the Chairman:

Q. Here is what your solicitor says:—"The second account is for \$500 for keeping the tug in commission and keeping Midland harbour open from the 27th of November to the 14th of December, that being the day last steamer arrived. While they were not definitely instructed by the department to undertake this work last fall, yet the year previous this company had done the same work at your request." Now, notwithstanding that you were not instructed and not requested you did keep the harbour open; wasn't that for your own purposes in getting your own boats in?—A. It would not hurt us any if they didn't, we would get paid the insurance.

Q. Why did you of your own notion, without any instruction from the department, keep that harbour open in that year?—A. If I did it was for the good of the town, so that she would not get a bad name as Owen Sound did one year.

Q. Wouldn't it be more consistent with this fact, that you were keeping the harbour open for your own purposes?—A. I would not say that sir, we are protected by insurance. This ice-breaking was only security until the boats started to leave Port Arthur.

By Mr. Fowler:

Q. When what is known as the Whalen game started the Playfair game started?—A. I would not put it that way. That is how the boats came to leave later.

Q. You were doing a little ice-breaking at Port Arthur?—A. We did one year in the *Queen* in the spring.

Q. And you put in a bill for \$2,000?—A. Yes.

Q. And they cut it down to \$600?—A. It is so long ago I do not remember.

Q. You forgot that?—A. I told you how that happened, Mr. Fowler; the government was going to get a boat that year from Mackinac.

By the Chairman:

Q. Under the condition of things in your harbour, with all your tugs in commission for your own purposes in order to get your own boats in and to keep the bay open to the 14th December, could not the department have wired to you to put one of your tugs in commission whenever the harbour conditions with respect to ice made it necessary?—A. They could have, but I would have charged them so much for that day or two. It would not have made any difference.

The CHAIRMAN.—You were bound to get it anyway.

Witness retired.

The Committee adjourned.

EVIDENCE

TAKEN BY THE

PUBLIC ACCOUNTS COMMITTEE

IN CONNECTION WITH

ICE BREAKING IN MIDLAND, TIFFIN AND VICTORIA HARBOURS, 1910

No. 3—FEBRUARY 14, 1912



OTTAWA

PRINTED BY C. H. PARMELEE, PRINTER TO THE KING'S MOST
EXCELLENT MAJESTY

1912

MINUTES OF PROCEEDINGS

COMMITTEE ROOM No. 32,

HOUSE OF COMMONS,

Wednesday, February 14, 1912.

The Select Standing Committee on Public Accounts met at 10.30 a.m., the Chairman, Mr. Middlebro presiding.

The committee proceeded to the further consideration of a payment of \$5,500 to the Midland Towing and Wrecking Company in connection with breaking ice in Midland, Tiffin and Victoria Harbours, 1910, as set out at page N—98, Report of the Auditor General 1910-11.

Mr. D. D. McKENZIE.—Mr. Chairman, before we proceed with the enquiry upon which we were engaged the other day and which I presume will be continued today. I would like to ask as a matter of guidance and practice, in order that we might understand what your mind is upon the matter, what is the scope and authority of this committee under the rule by which we are constituted. I see that on motion made by yourself in the House it was ordered that the Public Accounts and the report of the Auditor General for the fiscal year ending March 31, 1911, be referred to the Select Standing Committee on Public Accounts. Hitherto that was understood in this committee to confine our authority to enquiry into what we found in the Auditor General's Report for the special year which was referred to this committee. I find that the order of the House, which I requested the Clerk of the committee to produce, in accordance with that motion submitted to this committee the report of the Auditor General for the year ending March 31, 1911. It would help us out in our procedure—we must have some procedure—if we have a definite understanding whether or not we can extend our enquiry beyond the specific year referred to us, or will it be necessary if we want to go into any specific matter outside the year the report for which has been referred to us to get the necessary authority from the House to do so? I think the understanding hitherto has been if any special enquiry were necessary into any matter beyond what is in the Auditor General's Report which has been referred to us that we would go back to the House and obtain an order submitting that special matter into which it was desired to enquire to the committee. I did not raise this point the other day, but I noticed that our enquiry and the evidence travelled far afield from anything in the Auditor General's Report that was submitted by the House to the committee. I take up this matter now, before we resume the enquiry, and early in your occupancy of the Chair, in order that we may in so far as possible, determine what rules of practice and procedure will govern this committee.

The CHAIRMAN.—It is quite true that the motion I submitted to the House was to refer the report of the Auditor General for the year 1910-11 to this committee, but you quite understand all we have to do, if we wish to go back two or three or four years, is to make a report to the House to that effect and a motion will be passed making such reference. So far as I understand it we have not at all investigated the expenditures of other years than that the report for which has been referred to us.

I understand from Mr. Bennett that the reason he wanted to know the prices paid in previous years was in order to ascertain whether the sum paid according to this report was a reasonable price, and in order to do this he wishes to compare it with the amounts paid in previous years.

Mr. BENNETT (Simcoe).—That is all, it is as old as the hills in the practice of this committee.

The CHAIRMAN.—I quite understand that it is necessary to go back and get the permission of the House if you desire to enquire into the expenditure of previous years, but you can quite understand we can easily do that whenever the necessity arises.

Mr. McKENZIE.—If that is the practice then I think all that would be open to the committee would be in such cases just to look at the account for a previous year, but I do not understand that you could examine and cross-examine and heckle a man upon that record, but you must content yourself with simply placing it in evidence. I do not understand that the committee is at liberty under such circumstances to go into the whys and wherefores of that record.

Mr. BENNETT (Simcoe).—Take the very account that was produced before the committee of four years ago, and the president of the company, Mr. Playfair, was asked the question whether that account was in the handwriting of the bookkeeper; that was a fair question to ask, was it not?

Mr. McKENZIE.—I do not think so, it may be in one way. As I understand it you can bring up a bill before the committee for an expenditure included in the Auditor General's Report which is now before us in which \$5,500 is charged for a certain piece of work, as to the fairness of which there is an argument. If you can turn up the record showing that the same person did the identical work for \$3,000 in a previous year I think it would be legitimate evidence, but I do not think that you can cross-examine him as to what he did with the \$3,000, I do not think you could question him as to why he charged \$3,000 for that work.

Mr. BENNETT (Simcoe).—Let me put a case, supposing when that account of three or four years ago was produced I did not know whose handwriting it was in do you not think that it would be manifestly unfair not to allow me to question the witness upon it if I thought it was a bunkum account?

Mr. McKENZIE.—Coming back to the proceedings of this committee I say that the account of two or three years ago is a matter of record, and as such you may refer to it, but not otherwise.

Mr. BENNETT (Simcoe).—That is all we did.

Mr. McKENZIE.—And we have to accept that, but you cannot heckle him as to why he did it and how he did it.

The CHAIRMAN.—There was a motion passed in the House last year, Mr. McKenzie—when it was moved by Sir Wilfrid Laurier, "When in a report of the Committee of Public Accounts it is recommended that particular items of the Auditor General's Report for the previous year be referred to the said committee, the House will favourably consider such recommendation". So that if we cannot do it under the present order of reference there is no doubt the House will pass a resolution authorizing us to investigate such account.

Mr. McKENZIE.—I am aware of that, but we had better keep to the regular practice and procedure.

The CHAIRMAN.—So far as I understand it we have been doing that. We have only been enquiring what price was paid in former years.

Mr. McKENZIE.—Yes, and I think you will agree with me that when we look at the record we have to be governed by it, we cannot go beyond it as to whether the amount was too great or not.

The CHAIRMAN.—I would suggest that if this Public Accounts Committee is to be of any service we should recommend to the House that all the Public Accounts for three or four years back should be submitted to this committee. Then there would be no question as to our authority to enquire into such items as have been referred to.

Mr. McKENZIE.—Certainly, if you do that it will be all right.

Mr. BENNETT (Simcoe).—If you approve of that, as I understand from your remarks, I will second the motion to that effect if you will make it.

Mr. McKENZIE.—To what effect?

Mr. BENNETT (Simcoe).—To go back for three or four years.

Mr. McKENZIE.—I am asking for the ruling of the Chair as to our procedure. The rule last year was that if there were any special accounts which the committee desired to take into consideration a motion was made in the House for those particular items to be referred to the committee. But we cannot go beyond the scope of the order of reference.

Mr. CECIL DOUTRE recalled and examined.

By Mr. R. A. Pringle, K.C.

Q. I find, Mr. Doutre, a memorandum on the file signed "W.P.A." Who is "W.P.A."?—A. The Chief Engineer of the Department, Colonel Anderson.

Q. In order to get this on the record I will read it:—(Reads.)

B.H.F.—C.R.C.

25511—A.

MEMORANDUM.

I have made enquiries as to the amount of grain received at the ports of Midland, Collingwood, and Depot Harbour last season, from the middle of November to the close of navigation, and find the quantity to be as follows:—

Midland.	2,357,872 bushels
Collingwood.	260,300 "
Depot Harbour.	1,138,568 "

It is impossible to state exactly how much of this was received as a direct result of the ice breaking operations.

After the middle of November, ice is liable to form in the harbours, and while the work of breaking the same may not be heavy, still it must be continuously carried out. Even if no ice forms, boats must be kept ready night and day to perform the work, and after considerable experience, the only reliable method of doing this work is to enter into an agreement with a reliable concern, properly equipped, who will undertake to keep the harbours open up to a given date. The price must be based on local circumstances.

In a locality where ice forms early and thick, it may be necessary to keep several powerful boats in continuous operation day and night for a considerable length of time although in some seasons there may be practically nothing to do. It is usual to make the best terms possible based on previous experience.

"Submitted for information of Deputy and Contract Agent. W. P. A."

Ottawa, Ontario, November 20, 1908.

Q. You have a recollection of that document?—A. I have.

Mr. McKENZIE.—Whose report is that?

Mr. PRINGLE.—It is the report of Colonel Anderson, Chief Engineer of the Department.

Q. Then there is also a memorandum by Mr. Fraser *re* ice breaking operations at Collingwood, Depot Harbour and Midland. (Reads).

B.H.F.—G.M.

25. 511—A.

Re. ICE-BREAKING OPERATIONS AT COLLINGWOOD, DEPOT HARBOUR AND MIDLAND.

In connection with the ice-breaking operations at Port Arthur which have been carried on by the Department for some years past, it will be remembered that last season, at the request of the Marine Association, supplementary operations were carried on at Collingwood, Midland and Depot Harbour. If these are to be continued this season it will be necessary to make arrangements at an early date. The expense at Collingwood and Depot Harbour is very small; in each case, last year, the total expenditure was \$300. The expenditure at Midland was \$4,000; the reason is that the approach to Midland is landlocked and ice forms much earlier than at the other places. The elevators in that harbour are also situated at long distances apart, and a very considerable length of the channel has to be kept open.

Instructions are requested in this matter.

“B.H.F.”

Acting Chief Engineer.

Now, Mr. Fraser, I understand, was the officer appointed to look into this matter and this was his report.

Mr. BENNETT.—What was the date?

Mr. PRINGLE.—It was the 12th November, 1908. This is his report in which he points out the reason why Midland Harbour costs more than other harbours?

The WITNESS.—It is.

Q. Now then we are dealing here entirely with the payment of the \$5,500 for keeping the harbours open in 1910. The same officers had charge of that matter, Colonel Anderson and Mr. Fraser?—A. They had.

Q. And they reported favorably, as we find by the record, as to the terms of the contract. Now, in the preliminary stages of this investigation something was said in regard to it not costing the Government anything in 1911. You were fully alive, however, to the situation at Midland Harbour?—A. I was.

Q. You received a notification from Mr. Bennett, Member for the County of Simcoe, as to the Department taking the proper steps to keep this harbour open?—A. I did.

Q. This was communicated to you by a letter, and acting upon that letter the Department decided if at all possible to have their own steamer, the *Simcoe* to come down from the Sault to Midland Harbour?—A. That is correct.

Q. The Steamer *Simcoe* was delayed, however?—A. It was.

Q. And if the mild weather had not set in, you would have made arrangements with the local people, as in former years?—A. I certainly would have.

Q. And you went to Midland for that purpose?—A. Expressly for that purpose.

Q. But after the conditions, the weather conditions, changed it did not become necessary to make the arrangement. Now, earlier in the season, it looked very much like as if this harbour was going to be frozen up, and active steps would have to be taken to keep it open?—A. The cold weather started in very early, and very severe this year.

Q. Mr. Bennett's letter is dated December 4, 1911.

Mr. BENNETT (Simcoe).—You had better put it in.

WITNESS.—(Reads). “The ice is forming here, and I am informed more grain vessels are to arrive at Port McNicoll, and therefore under the circumstances I hope the *Simcoe* will soon turn up and keep the harbours open.

“Yours truly,

(Signed) “W. H. Bennett.”

By Mr. Kyte:

Q. Who owns the *Simcoe*?—A. The Government, she is a departmental boat.

By Mr. Pringle:

Q. Can you give us any idea of what it would cost to keep the *Simcoe* there for the purpose of this ice-breaking?—A. I should say probably in the vicinity—if she were breaking ice, you say?

Q. To keep her there during the time the ice was forming and to keep her in the harbour?—A. Probably about \$125 a day, that would be the cost of the *Simcoe*, or thereabouts, \$115 to \$135 a day I would say.

Q. And she would have to be kept there how long?—A. Well, the intention was to send the *Simcoe* there.

Mr. GERMAN.—But it would cost that to keep her any place.

WITNESS.—The intention was to send her to Midland and break any ice, if ice was to be broken there, and lay her up in Midland.

By Mr. Pringle:

Q. But you had to keep her crew much longer?—A. Certainly.

Q. And it would be so much extra expense?—A. Certainly.

Q. You would have to keep her from November until the last boat came in, and they are coming now well into December I believe?—A. I do not know when the last boat came into Midland. I was in Midland and I do not remember exactly if any boats were in Midland when I arrived, but no boats came in after I arrived. There is a telegram from me to the Department—I think it is on the file.

Q. On 7th December there was a wire sent to the agent of the Marine and Fisheries Department, "Please wire *Simcoe* at Sault to proceed direct to Midland for ice-breaking."?—A. What date?

Q. December 7th?—A. Well, I think I was in Midland on that day, or the day following, but there should be a telegram from me on the file which will give the date.

Q. Now, in answer to Mr. Bennett's letter this letter was sent:—

My dear Mr. Bennett,

'I am in receipt of your favor of the 4th inst, with reference to the ice forming in the Midland harbour, and in this connection would state that we expect every moment to hear of the arrival of the *C.G.S. Simcoe*.

'With a view to providing against the contingency of the boats arriving and being unable to make their berth, an officer is proceeding to Midland this evening.'

A. Yes, that is my letter.

Q. So you proceeded to Midland evidently on the evening of 7th December?—

A. That is correct.

Q. And you proceeded there prepared to renew this contract if it was necessary?

—A. If it was absolutely necessary.

Q. If the ice had formed, and your steamer *Simcoe* could get there, you were going to see that that harbour was kept open in the interests of navigation?—A. I would like to correct a statement there. You asked me whether I went there with the object of renewing this contract. That was not my object. It was to make provision to see that the ice was broken, to allow the last boat to come in.

Q. But you wired Mr. Playfair that you would be there?—A. Certainly.

Mr. BENNETT (*Simcoe*).—Your telegram said "Will be in Midland tomorrow."

WITNESS.—That was on the 7th.

By Mr. Pringle:

Q. The telegram reads "James Playfair, Midland Towing and Wrecking Company, Midland, Ont. Will be in Midland tomorrow." Now, as a matter of fact didn't you make an arrangement with Mr. Playfair that if the ice formed he would keep that harbour open without specifying any terms?—A. No, I did not.

Q. You did not make that arrangement?—A. I did not.

Q. What arrangement did you make with regard to keeping the harbour open?—A. I made none, because when I arrived at Midland I found that all the boats had arrived, and that the necessity for keeping the harbour open had passed.

Q. No necessity after that date?—A. Not after that date.

Q. When did they arrive?—A. That I really could not tell you; I did not enquire.

Q. Mr. Bennett's letter seems to have been dated on the 5th, wasn't it?

Mr. BENNETT.—The 4th.

By Mr. Pringle:

Q. Yes, December 4th, so they must have all arrived within four days?—A. Evidently.

Q. Now you were unable to get the *Simcoe* there?—A. Yes.

Q. If the weather had become severe, and ice had formed, you would not have been able to keep the harbour open with the Government steamer *Simcoe*?—A. You might please repeat that question.

Q. I say if the ice had formed prior to December 7th you would not have been able to keep the harbour open with the steamer *Simcoe*?—A. No.

Q. And you would have had to rely upon the local boats?—A. Absolutely.

Q. No doubt you would have had to arrange with the Midland Towing and Wrecking Company?

Mr. BENNETT.—Or someone else who had as good tugs.

By Mr. Pringle:

Q. Or someone else. I see a memorandum from yourself to the Chief Engineer dated November 7, 1911. (Reads):—

"With reference to Mr. Auldjo's letter of November 1st in connection with "ice-breaking in Midland this fall, you will note that Captain Richmond states "the *Simcoe* can easily break the ice which usually forms in the late fall, but "that the vessel would not be available for such work during the Lake Superior "trip which I note is from the 1st to the 15th of December, I do not presume "there would be much ice to break during this period. In any event should "there be ice in the harbour while the *Simcoe* is away on the Lake Superior trip "I presume it would be possible to have one of your resident engineers proceed "to Midland to supervise any breaking of ice which might be required."—A. That was written in October, I think.

Q. On November 7, 1911. Then Col. Anderson puts on this: "When the work is wanted it is wanted very suddenly."—A. That is true.

Q. There might be some delay in getting a man to Midland. "Otherwise the arrangement might work O.K., W.P.A." "After consulting Mr. Fraser and Mr. "Doutre I recommend that instructions be given agent P.S."—A. That is Parry Sound.

Q. "To detail *Simcoe* for this work, any additional tug work required to be arranged for locally by my officers." Then you did endeavor to detail the *Simcoe* for this work, but were not successful in doing that, and you would have to rely on local tugs to break the ice?—A. Undoubtedly.

Q. Now, we have had it that this matter was very well considered in your Department, the making of this contract for \$5,000?—A. No doubt, I was abroad while that contract was made, but I have no doubt it received due consideration.

Q. At any rate we have already had the recommendations of the different officers?—A. Yes.

Q. Now I find in 1911 Mr. Fraser put in a memorandum in this language, "I do not see how the Department can avoid continuing the policy of ice-breaking at Midland."

By Mr. Bennett (Simcoe).

Q. What is the date?

Mr. PRINGLE.—October 21, 1911.

By Mr. Pringle:

Q. (Continues reading). "I do not know what the *Simcoe* is able to do in this line but certainly if she can do the work and isn't required elsewhere she should be employed." Now there is just one thing, I think it has already been made fairly clear that the item of \$500 in 1905 was never paid?—A. No, I do not think so.

Q. I find there was an item of \$400 paid in 1904, but the account of 1905 was never paid?—A. No.

By Mr. Kyte:

Q. What is the latest date at which boats have arrived at Midland in the last four or five years?—A. I do not know the dates, there has been evidence produced before the committee, I think it is somewhere in the vicinity of the 13th or the 14th of December—I know more about ice-breaking today than I used to.

By Mr. Bennett (Simcoe).

Q. When you first heard from me about the *Simcoe* going there was it not a question of laying her up there for the season, having regard to the fact that any money that might be spent upon her for improvements and repairs and that sort of thing would be spent in Midland; was not that the point of view at first?—A. Yes, you asked me whether we could lay up the boat at Midland and I said yes.

Q. And that was away long before Christmas?—A. Oh yes.

Q. So that the point of the *Simcoe* going there to lay up was well settled?—A. Yes, it was settled that she would be laid up at Midland.

Q. So that when I wrote in December the letter that Mr. Pringle has read it was simply a question of getting her there as soon as possible?—A. A question of getting her there as quickly as possible.

Q. She was not brought there with any idea purely and simply of breaking ice?—A. Well no, but the intention was at the time—in fact we always had in view all last summer the idea of using the *Simcoe* for ice-breaking if at all possible, and we will use her next year for that purpose if we can.

Q. So that her presence there was simply with the view of laying her up, and if necessary she would do ice-breaking?—A. Yes.

Q. When did the company get busy writing for work there?—A. Do you mean last fall?

Q. Yes?—A. I do not know, the telegram is on the file.

Q. (Reads). "Midland, December 4, 1911,

C. Doutre,

Contract Agent M. & F., Ottawa, Ont.

Ice getting thick at Victoria Harbour and here and boats due will not be able to get in. Will do the work for same amount as last year. Kindly advise quickly.

JAS. PLAYFAIR,

Midland Towing & Wrecking Co."

That is addressed to you?—A. Yes.

Q. Then on December 1, 1911, I find this letter dated at Midland:—

"C. Doutre, Esq.,

Purchasing & Contract Agent,

Ottawa, Ont.

Dear Sir:—

Yours of the 28th ult. duly received, enclosing our cheque for \$3,800 *re* tender for ice-breaking Thunder Bay. Accept thanks for same.

What about ice-breaking here, and Victoria Harbour?

Yours truly,

(Sgd.) JAS. PLAYFAIR."

Was that the first enquiry from this company for work last fall?—A. I am not sure, but I should imagine that would be about the first.

Q. And their solicitor paid a personal visit and interviewed you.—A. This year?

Q. Yes.—A. I do not think so, I do not think I saw Mr. Grant this year.

Q. We will come down to last fall when you went to Midland, as stated by you to Mr. Pringle, who did you see first about this matter?—A. I called on Mr. White the Harbour Master who was ill, and I saw his son, who promised to see his father and get some information I wanted to obtain from him. I wanted to find out what boats if any were due to arrive at Midland, and after that I went and met—I think I met Mr. Grant on the street with Mr. Pratt—

Q. Tell me, who is Mr. Pratt, is he one of this party?—A. I do not know—

Q. Is he connected with this company?—A. I think he is identified with Mr. Playfair in his business.

Q. Did you understand that he has a tug?—A. Oh yes, he has a tug there called after himself.

Q. We will talk first of Mr. Grant and Mr. Pratt, what passed between you and them?—A. They were very anxious that we should renew the contract for that year.

Q. With whom?—A. With the Midland Towing and Wrecking Company. I do not know that the name was mentioned, but there is no doubt that it was implied. After that Mr. Pratt took me down and showed me his tug, and we went on board; in the meantime we met Mr. Watt.

Q. Mr. D. L. Watt, a clean shaven elderly man?—A. Yes, an elderly man.

Q. Who is he?—A. I understand he is a partner of Mr. Playfair. Then we went on board and went out on the harbour and broke ice for about an hour and a half. I came back and went up to see Mr. White and he had no information to give me as to how many boats were coming in.

Q. Did Mr. Grant or Mr. Watt tell you what boats were to come in?—A. Either Mr. Grant or Mr. Watt or Mr. Pratt told me there were three.

Q. Who told you that?—A. One of them, I do not know which it was.

Q. As a matter of fact no boat came into the port after that date, so that was a work of fiction?—A. Mr. Playfair told me the following morning that there were no boats to arrive.

Q. But these parties were pressing you to make a contract?—A. Yes, they were.

Q. They were anxious, were they not, to get you to make a contract; what was it, a kind of Dutch auction?—A. What took place was simply this: they said they had done considerable ice-breaking already, and that there were three boats to arrive.

Q. When? Was it that year they had done ice-breaking?—A. Yes, that they had gone on and done considerable ice-breaking on the assumption that the department would renew the previous contract or make another, and that there were three boats to arrive, and that it was necessary to keep the harbour open until the boats arrived. It had been cold weather previous to that day, but that afternoon it turned mild, and in the evening it started to rain. I made up my mind that in view of the weather conditions there I did not see the necessity of entering into a contract.

Q. So that had you taken their word for it you might have made a contract with them?—A. I am not accustomed to taking statements of that kind without making inquiry.

Q. When you got there it was cold but it turned mild?—A. It was just breaking; the day I went up there it was very very cold, but the next day there was a break in the weather about noon and that evening it was raining.

Q. I suppose you got some other information that there were no other boats coming, did you?—A. I met you and you told me that to your knowledge there were no other boats coming in.

Q. Will you read that (handing document to witness)?—A. (Reads): "Midland Towing and Wrecking Company, to keeping channel open for steamers tug ten days, at \$4, \$40."

Q. What year was that in?—A. 1905.

Q. But it would be for 1904?—A. Yes, it would be in the fall of 1904.

Q. Well, I am glad they didn't get you to make a contract, that is all.

By the Chairman:

Q. What time did you see Mr. Playfair the next morning?—A. I called Mr. Playfair up on the telephone on the afternoon of the day I arrived, and he was in Hamilton attending a directors' meeting, but they said he would be in the office the next morning. So the next morning I called, about ten o'clock, and asked Mr. Playfair whether there were any boats coming in, and he said he had three of his vessels still out on the lake but they were chartered for ports other than Midland, though it was possible the charter parties might want to bring those boats into Midland. I asked him if he had any reason to believe they would want to bring them into that port and he replied, 'You can never tell.' In other words it was very indefinite that there would be any more boats coming in, and I made up my mind there was no necessity of entering into a contract, so I got on the train and came back to Ottawa.

By Mr. German:

Q. Do you know that Mr. Playfair is connected with the shipping industry, owning some of the biggest boats on the upper lakes plying between Port Arthur and Midland and Port Arthur and Port Colborne?—A. Yes, I do.

Q. Owning some of the largest boats, the *Midland Prince* among others?—A. I do not know the names of his boats, but I understand he is one of the largest boat owners up there.

Mr. BENNETT.—There is no doubt as to his being one of the largest steamboat owners up there.

By Mr. Bennett (Simcoe):

Q. Mr. Doutre, you told me that Mr. Pratt wanted to make a bargain with you for the tug named after himself?—A. No, I do not think so. I always understood from the conversations I had with them that they were all associated together, and that if there was any ice-breaking to be done then Mr. Pratt's tug would be used; she was a very powerful tug, a beautiful tug.

By Mr. Pringle, K.C.:

Q. When you got there there was ice in the harbour?—A. Yes.

Q. And before you went up there they had been doing some ice-breaking there that fall?—A. So they told me.

Q. And they did some ice-breaking on the day you were there?—A. We went out on the *Pratt* to try her, not on account of any necessity of doing so, but we went out to try the ice.

By Mr. Bennett (Simcoe):

Q. What thickness of ice was there?—A. The ice was probably an inch and a half thick.

Q. You had to hunt for the ice to break, I suppose?—A. There was a channel coming in, the bay was absolutely frozen, but there was a channel coming in.

Witness discharged.

JOHN J. SKELLY, called, sworn and examined.

By Mr. Bennett (Simcoe):

Q. How long have you been in the department, Mr. Skelly?—A. Seventeen years.

Q. Will you please inform the committee what this minute of council means? (handing document to witness).—A. This is the authority from council, as I understand it, to proceed with this work.

Q. Well, I will lead up to the point in this way: how does that information come to the Privy Council to get the order in council passed?—A. It is constituted in that report to council.

By Mr. German:

Q. What is the date?—A. The date is the 12th of December, 1910.

By Mr. Bennett (Simcoe):

Q. Now tell us, what is the *modus operandi* of getting this matter from the Marine Department to the Privy Council in order to obtain the order in council?—A. After a work is duly authorized by the proper officer of a department they prepare what they call a report to council embodying this information.

Q. Where is the report to council in this particular case?—A. Those reports are not put on the file, I believe they are kept on a separate file in the department, in a book.

Q. Where are they now?—A. In the department somewhere.

Q. Where is the file containing those reports?

By Mr. German:

Q. That order in council is practically the report to council, is it not?—A. Well, yes, all the information in that report is in this order.

Q. There would not be anything more in the report than there is in this?—A. No.

By Mr. Bennett (Simcoe):

Q. This (order in council) is typewritten, who dictated this?—A. That is written in the Privy Council office.

Q. Where is the memorandum that went to the council upon which that was based?—A. It is in the department somewhere.

Q. Who prepared that memorandum?—A. I did.

Q. Has it been your work always to prepare these orders in council or the memorandum for them?—A. Not the whole of them, different officers of the department prepare them.

Q. Has it been part of your business to prepare any of them?—A. I have prepared a number, yes.

Q. Who gave you the information on which you prepared that one?—A. It was taken from the departmental file.

Q. Who asked you to prepare the report for council?—A. I have no doubt the deputy minister did—I see his memorandum here.

Q. Now we will read that with Colonel Anderson's report in the printed evidence at page 38. Now, it was the deputy minister, there is no question in your mind about that, who gave you that instruction?—A. Well, he either gave it to me or sent it to me, there is a memo. on Colonel Anderson's report to prepare the report to council.

By Mr. Kyte:

Q. What is that document that you have there called technically?—A. The order in council.

By Mr. Bennett (Simcoe):

Q. And what you prepared your memo. from was Col. Anderson's report, was it?—A. Yes, and from information on the file.

Q. Would it not be in the main from Colonel Anderson's report?—A. In the main it was, yes.

Now, you read Colonel Anderson's report before you made the report?—A. Yes, sir.

Q. Did you see this in Colonel Anderson's report, 'I question whether any such contract as this is desirable for Midland bay,' you saw that, did you?—A. Yes, sir.

Q. (Reads): 'Any vessels arriving at those ports late with grain cargoes come from Lake Superior, and the ice conditions in Lake Superior are so much more unfavourable than they are in Midland bay that I cannot think that circumstances would make navigation impossible at Midland when it is at all possible at the head of Lake Superior.' Now was that not plain language?—A. Yes.

Q. That there was no necessity for any such contract at Midland if the boats were coming from Fort William?—A. Yes, that is Col. Anderson's report.

Q. (Reads): 'Another consideration is that there does not appear to be any rush of freight this autumn, and I doubt if freight cargoes will be shipped from Georgian Bay ports as late in the season as last year.' You saw that?—A. Yes.

Q. Now with all that in the report before you how was it that you made this order in council, or prepared this report recommending it?—A. That was on instructions from the department; I was instructed to do that.

Q. Who is the department? Let us get at that? The deputy minister?—A. Yes, the deputy minister's memo. is there.

Q. Were his instructions written or verbal?—A. They are written. 'Prepare report to council. A. J.'

Q. So you see that your report to Council was diametrically opposed to the report of the engineer; is not that right?—A. Well, yes, to that part of the report.

Q. Now, is it usual in your work of preparing reports to see many orders in council diametrically opposite to the report of the officer in charge of the work? Is that a common procedure in the department?—A. No, it is not a common procedure.

Q. Did it not strike you at the time as an extraordinary thing that the officer in charge had reported that a certain thing should not be done and then that the department would go on and do it? Were you impressed with that fact at the time?—A. Yes.

Q. And you are impressed now?—A. Yes, but some telegrams reached the department after that report was made up. The report is dated on the 2nd of December and there is a telegram here dated the 3rd of December.

Q. Who is that telegram from?—A. From F. W. Grant. (Reads): 'Victoria and Midland harbours are frozen over and ice forming fast, six grain boats still to get in here and some will not be here for a week unless ice-breaking started at once it will be impossible to get these boats into port, am trying to locate Chew by wire, but fear he is away, some action should be taken at once.'

By the Chairman:

Q. Who is F. W. Grant?—A. I do not know Mr. Grant—at least I know now, I know that he is the solicitor for that company.

Q. Is it usual after the officer of the department has reported on a course of action for outsiders to come in and then for the policy of the department to be changed—as far as you know?—A. No, sir.

Q. There is no question that it was the deputy minister that handed that over to you with instructions to prepare that report?—A. No, sir.

Q. Now, what is the date of this report?—A. December 2.

Q. Col. Anderson's report?—A. It is his report I am referring to.

Q. On what date was this prepared?—A. The report to Council?

Q. Yes, the 5th?

By the Chairman:

Q. The memorandum from the minister was dated the 5th?—A. The report to Council was made on the 5th.

Q. The memorandum is dated 5th December. Was there any consultation that you know of, or at which you were present, between the date of Col. Anderson's report and the receipt of that memo. so as to change it?—A. No, I do not remember being present at any consultation.

Q. Did the deputy minister give you any specific instructions beyond simply handing you that with his initials endorsed on it?—A. That is all, sir.

Q. And so, had this telegram never arrived, that would have been the report to Council anyway?—A. There would not have been any necessity for a report to Council unless they had intended to renew that contract.

By Mr. German:

Q. What is the date of the telegram from Grant?—A. December 3, if I remember.

Q. What is the date of Anderson's report?—A. The 2nd.

Q. 2nd December. What is the date of the memo. from the deputy minister to you?—A. The 3rd I believe, yes, the 3rd.

Q. So Anderson makes his report on the 2nd December?—A. Yes, sir.

Q. The wire from Grant comes on the 3rd December?—A. Yes, sir.

Q. And the Deputy Minister gives you the memorandum to make the report to council on December 3?—A. Yes, sir.

Q. And you make the report on that day?—A. Yes, sir.

Q. And it goes to council and the order passes, and the contract is renewed?

By Mr. Kyte:

Q. You received no instructions from the deputy except the memorandum and the order?—A. No, sir.

By Mr. Carvell:

Q. Was Anderson's report dated from Midland or from Ottawa?—A. It is dated Ottawa. I do not know that he was in Midland.

By Mr. Bennett (Simcoe):

Q. You might take this and see if I am right about these dates. The 2nd is Anderson's report?—A. Col. Anderson's report is dated December 2, 1910.

Q. And Grant's telegram?—A. The 3rd December.

Q. When is Johnston's report to you initialed?—A. The 3rd.

The CHAIRMAN.—The same date as the telegram.

By Mr. German:

Q. I am not sure whether it is in the evidence, but if it isn't it would be well to have it there—do you know as a fact that Mr. Anderson was at Midland, and that his report was made from his ideas of what the situation was?—A. I do not know whether he was at Midland or not.

By Mr. Pringle:

Q. In reading Col. Anderson's report I see that Col. Anderson was very clear that if the necessity arose, that if it was necessary to keep the harbour open, the price of \$5,500 was a reasonable price. He says: 'With reference to the increased price named by Mr. Playfair, I would explain that Midland and Tiffin are in Midland bay, whereas Victoria harbour is another bay farther east than Midland, and if ice-breaking were required the amount of work necessary would be practically doubled. The Midland Towing and Wrecking Company are undoubtedly the best equipped for doing this work.'—A. That is right.

By Mr. D. D. McKenzie:

Q. What is the date of that?—A. December 2.

By Mr. Pringle:

Q. It is very clear from this report that while Col. Anderson took the view that it might not be necessary to have ice-breaking, yet if it became necessary to have ice-breaking, the price of \$5,500 was a reasonable price, and that the Midland Towing and Wrecking Company were the best qualified to do it. That was clear to your mind?—A. Yes.

Q. Well, it became necessary to do ice-breaking?—A. Yes.

Q. There was not only the telegram from Mr. Playfair, but there were telephones and messages from the Canadian Pacific Railway, weren't there?—A. I do not know about that.

Q. But you do know it became necessary to have the ice-breaking?—A. From this telegram, that is all.

Q. Do not you know, as a matter of fact, that ice-breaking was done that season?—A. Yes, there was some.

Q. And, it having become necessary to have the ice-breaking done you were authorized by the deputy minister to send a recommendation to council?—A. Yes, sir.

Q. And council passed the order for the contract?—A. Yes.

Q. And the contract was executed in due course, and the harbour-master certified to the work having been well and properly done, and payment was made; that is correct?—A. Yes.

By Mr. Bennett (Simcoe):

Q. Where is the evidence that it was on the 3rd that the deputy minister instructed you? You have no recollection of what time of day this was handed to you?—A. No.

Q. Had the telegram been received from Grant at the time this was handed to you?—A. I am quite sure it was.

Q. After you had the telegram from Grant before you?—A. Yes, not when the report from Anderson was received, when the instructions were received.

Q. When the instructions were received you had the telegram from Grant with you?—A. Yes.

By Mr. Carvell:

Q. What is the hour on the Grand Trunk telegram?—A. 11.30 a.m.

By Mr. Pringle:

Q. There is just one thing I would like to ask if you know about it. During the season of 1910, my information is that the ice formed early, that the tug *Beau-mont* was used day and night for over three weeks to keep it open, that they kept it open up to December 23, and that they also used another tug called the *Minnedora*. Are you aware of that?—A. No, sir.

Q. I am informed that there were two tugs in constant commission for over three weeks in 1910?

By the Chairman:

Q. If you had received no instructions from the deputy, and had simply prepared a memo. for council in the usual way, would you have drawn up a memo. like that for council, omitting these important portions from Col. Anderson's report?—A. I could not prepare a report like that without instructions from the department.

Q. Any kind of report?—A. No, not without authority.

Q. Do you just furnish council with such information as the deputy minister directs you to furnish?—A. He simply sends me in the file, and tells me to make a report to council embodying the facts on the file.

Q. You had on the file Col. Anderson's report, had you?—A. Yes.

By Mr. German:

Q. And you had the telegram also?—A. Yes.

By the Chairman:

Q. And you saw that Col. Anderson's report stated it was not necessary to have an ice-breaking contract for that year?

Mr. PRINGLE, K.C.—If I may be permitted, that is hardly a fair question, I submit.

The CHAIRMAN.—Wait, I will put it another way.

By the Chairman:

Q. Can you tell me why you disregarded any mention of these facts in the memorandum to council? That is a fair question, I think.

Mr. PRINGLE, K.C.—If you will permit me, Mr. Chairman, it is the usual report to council, which report, to my mind, covers Col. Anderson's report.

The CHAIRMAN.—I will ask him this question—you understand you are not a member of this committee, Mr. Pringle.

By the Chairman:

Q. Can you tell me why you disregarded these words in the report of Colonel Anderson which you had before you when preparing that memorandum, 'I question

whether any such contract as this is desirable for Midland bay. Any vessels arriving at these ports late with grain cargoes come from Lake Superior and the ice conditions in Lake Superior are so much more unfavourable in Lake Superior than they are in Midland bay that I cannot think that circumstances would make navigation impossible at Midland when it is at all possible at Lake Superior. Another consideration is that there does not appear to be any rush of freight this autumn, and I doubt if freight cargoes will be shipped to Georgian bay ports as late in the season as last year.' Now, can you give me any reason why you disregarded that very important part of Col. Anderson's report?—A. I do not see what advantage it would be to put that in the memorandum, when it was decided definitely to renew the contract; why should we advance in that memorandum any arguments showing why we should not recommend it?

Q. But is not the intention of any memorandum to council to fully advise council of all the facts so that they may form an intelligent opinion as to whether or not the contract is necessary?—A. Yes, no doubt.

Q. Could they form an intelligent opinion if you omitted that particular part from the report, that is what I want to know?—A. I do not know whether they could have embodied that in the report.

By Mr. German:

Q. Just allow me to ask this witness a question as to the course followed. You were instructed to prepare a memorandum to council authorizing the renewal of the contract?—A. Yes, sir.

Q. On information that was on the file?—A. Yes.

Q. And you simply carried out your instructions?—A. Yes, sir, that is all.

Q. From the deputy minister?—A. Yes.

The CHAIRMAN.—I am not blaming this officer, he was doing what he was told.

Mr. BENNETT (Simcoe).—There is no blame attached to Mr. Skelly, who was acting under orders, he is frank enough in his statements.

By Mr. Bennett (Simcoe):

Q. Did you argue it out at all with the deputy minister and show him Col. Anderson's report?—A. No, sir.

Q. You knew better than to do that, especially when you were appointed seventeen years ago.

By Mr. Pringle, K.C.:

Q. Have you a copy of the memorandum to council?—A. No.

Q. Any order in council generally embodies a portion of the memorandum?—

A. It generally embodies the whole memorandum.

Q. You have pointed out that the department had been informed the harbours were freezing over?—A. Yes, sir.

Q. That it was necessary the work of ice-breaking should be done?—A. Yes.

Q. And you pointed out to the committee that according to the chief engineer's report this price of \$5,500 was a reasonable price for the work?—A. Yes.

Q. You have heard that 'the minister recommends, as the Department of Marine and Fisheries has been informed that the harbours are freezing over and that there are still six grain boats to arrive, that the offer of the Midland Towing and Wrecking Company to keep open the harbours of Midland, Tiffin and Victoria until the last grain boat reaches port this fall, for the sum of five thousand five hundred (\$5,500) dollars, be accepted'?—A. Yes.

Q. And then Col. Anderson's report was that he doubted the necessity of letting a contract as he did not think the harbours would freeze over before the boats came in. Now, that is the way you read the record?—A. Yes.

Q. But as a matter of fact the harbour did freeze over and it became necessary for the department to act?

Mr. BENNETT (Simcoe).—The witness does not know that, what is the good of asking him that question?

Witness retired.

Mr. BENNETT (Simcoe).—I ask that the Midland Towing and Wrecking Company be instructed to have their books here without fail at the next meeting of the committee. I want the log of the tug *Beaumont* and the other tug *Minnedora*, showing the names of the captains who were on them and the length of time they were employed ice-breaking.

Mr. PRINGLE, K.C.—I want to understand just what books we are asked to produce. The question has already been raised here, and properly raised, I think that we are dealing with the item of \$5,500. Now do you want our books for the last seven or eight years in connection with all our business?

Mr. BENNETT (Simcoe).—Yes, we want the books here from 1904, all books that will show anything at all in reference to any entries as to the breaking of ice.

Mr. PRINGLE.—I want to have the ruling of the Chair on the matter. We will bow to the ruling of the Chairman of this committee.

Mr. BENNETT.—We must have them.

The CHAIRMAN.—I do not think we can go back and bring all the books of the company, although you are entitled to any books which contain any entry in connection with this item under consideration.

Mr. BENNETT (Simcoe).—And I want any memorandum or so called logs kept by the captains of the tugs engaged in the work.

The CHAIRMAN.—With reference to this item.

Mr. PRINGLE, K.C.—I understand that we are only to produce the books in reference to the \$5,500.

Mr. BENNETT (Simcoe).—That is for the next day, but after we have them perhaps we will get them for the years previous to that.

Mr. PRINGLE, K.C.—I will show you the books of the company privately, Mr. Bennett, but we do not want to have our books produced exposing the details of our private business.

Mr. BENNETT (Simcoe).—I do not want to see your books privately; perhaps I can tell you as much about them as if you showed them to me, I know a good many things about them.

Mr. PRINGLE, K.C.—In order that there may be no dispute when we meet the next day I think it would be better to issue a summons to Mr. Playfair enumerating the books you want him to produce.

Mr. BENNETT (Simcoe).—I want the book of account, the day book, blotter or journal, whatever they call it, the book of original entry that will show the number of days' work done, and then after that—

The CHAIRMAN.—In 1910?

Mr. BENNETT (Simcoe).—In 1910. And then after that I want the log book, or memorandum or whatever you like to call it, kept by the captains when they were working, as Mr. Pringle says they were, night and day for this long period of time. Then I want the ledger into which those entries are carried forward. Surely that is plain enough.

Committee adjourned until Tuesday, February 20.

W. E. Ross

EVIDENCE

TAKEN BY THE

PUBLIC ACCOUNTS COMMITTEE

IN CONNECTION WITH

ICE BREAKING IN MIDLAND, TIFFIN AND
VICTORIA HARBOURS, 1910

No. 4—FEBRUARY 27, 1912



OTTAWA

PRINTED BY C. H. PARMELEE, PRINTER TO THE KING'S MOST
EXCELLENT MAJESTY

1912

MINUTES OF EVIDENCE

COMMITTEE ROOM No. 30,

HOUSE OF COMMONS,

Tuesday, February 27, 1912.

The Select Standing Committee on Public Accounts met at 10.30 a.m., the Chairman, Mr. Middlebro, presiding.

The Committee proceeded to the further consideration of a payment of \$5,500 to the Midland Towing and Wrecking Company in connection with breaking ice in Midland, Tiffin and Victoria Harbours, 1910, as set out at page N—98, Report of the Auditor General, 1910-11.

Mr. JAMES PLAYFAIR recalled.

By Mr. Bennett (Simcoe):

Q. The first thing we will have, please, will be the ledger showing the account. (Book produced by witness)—A. Here (pointing to entry) is the entry here. I will show you the journal entry first if you want that.

Q. Well, we will have the journal entry first then. (Journal produced by witness)—A. Here is the entry, Mr. Middlebro, I will explain it to you. (Journal handed to Mr. Bennett).

By Mr. Pringle, K.C.:

Q. You had better explain that entry; explain how that is the only entry you find there—A. The way we are working along now after the Inland Line took the Towing Company over, they keep all the books at the head office and we just kept a little set of books in the office in Midland. So when I got the contract for \$5,500, the cheque had not arrived on the 31st of December, and I made an entry there in the book of what the Towing Company got for their percentage of it, and the tugs that did the work got the balance when the cheque arrived, and that is all there is about it.

By Mr. Bennett:

Q. On page 38, under the date December 31, 1910, the following item appears:—

Dep. Marine & F.	463	1,000 00
To Towing	2	1,000 00
Dec. 31	due from Government	

A. That is the towing account, credited to the towing account and charged to the department—that went to the credit of the towing account, we only keep one account under towing account, whatever you make goes into the towing account.

Q. Now, where is the original entry from which this journal entry is made—the original book of entry?—A. That is just the original book. At the end of the year when we were closing up our books and the government had not sent this cheque for ice-breaking, in order to bring that into the books for 1910 I put that entry in there.

Q. We would like to have the book in which this entry was made originally.—A. That is the original book.

Q. I mean the original entry of that charge—the charge of \$5,500?—A. Yes.

Q. Where is the book that will show that charge of \$5,500?—A. We haven't got it in any book. As I told you, when we got the cheque we handed it over to the *Beaumont* and the *Minnedora* for doing the work.

Q. Where are the accounts for the *Beaumont* and the *Minnedora*?—A. We do not keep the accounts for them, we do not own them, they belong to the dredging company, but I had them breaking the ice.

Q. Turn me up the account of the *Beaumont* in your ledger.—A. I haven't any, I do not keep accounts for them. As soon as I got the cheque for \$5,500, I handed that over to the boats which did the work.

Q. Now, the *Beaumont* and the *Minnedora* having done the work the owners of those boats were paid \$4,500?—A. \$4,500, yes.

Q. Who got the \$1,000?—A. The Inland line.

Q. The Inland line got \$1,000. With whom was the arrangement made that the *Beaumont* and the *Minnedora* were to get \$4,500?—A. I made that with Mr. Pratt, the manager.

Q. With Mr. Pratt, representing the Dredging Company?—A. Yes.

Q. And with whom on the other side?—A. Myself.

Q. Yourself?—A. You see the *Beaumont* is a steel tug, and we kept her at it, and we kept our own two tugs in commission in case anything happened to the *Beaumont*, so that we would get through.

Q. You say that a bargain was made between you and Mr. Pratt that the Dredging Company were to have \$4,500, and you were to have \$1,000?—A. There was no bargain made. I told Mr. Pratt that I would get him to do the work, and then I would see what it was worth when we got through, what damage had been done to the boat; the *Beaumont* got quite a lot of damage done to her, so we settled at the total amount of \$4,500.

Q. So that there was no bargain made with the Dredging Company as to the amount which those tugs were to receive?—A. No, not before the end.

Q. And you have no means of showing how long those tugs were employed in the work?—A. Well, they were employed up till the end.

Q. But you have no means to-day of showing by the books how long they were employed in the work?—A. Oh, yes, I have. Here is a telegram that I got from Captain Pearson of the *Midland Prince* stating when he arrived. I will show it to the Chairman and he can read it, or may be I had better read it, perhaps I can read the writing better (reads):—

“Owen Sound, Ont. 25 Feb.”

Q. This year?—A. Yes, I got it from Captain Pearson, (reads)

Mr. JAMES PLAYFAIR,

On my last trip season winter ten December seventh while entering Midland Bay when almost off Gin Rock ran into ice about three to five inches thick which increased to six inches almost Snake Island had great difficulty in making turn to proceed to Victoria Harbour and had it not been for the assistance of the two tugs would not have been able to deliver our cargo, unloaded about one hundred and fifty thousand bushels wheat same day on December eighth with assistance of tugs turned around ice being good eight inches arrived at Tiffin elevator where we unloaded balance of cargo when finished steamer proceeded to winter quarters Midland Harbour being assisted by tugs.

GEO. W. PEARSON

Master Str. *Midland Prince*

Q. What is that date?—A. 25th.

Q. Of what month?—A. February.

Q. Then this telegram has been received since you heard of this investigation ?—A. Well, you asked me for some logs.

Q. This telegram has been received since you heard of this investigation ?—A. Oh, yes, I have got that for you, but I haven't any logs.

Q. Have you any copy of the letter or telegram sent to Captain Pearson asking him for this certificate ?—A. I didn't send him a letter.

Q. How did he come to send this ?—A. I was looking for his log in the Midland office and did not find it there so I thought may be it had gone to Hamilton and we called upon Captain Pearson to ask him about it and he sent this in reply. Then I have another letter here from the C.P.R. elevator at Port McNicoll. I called up Mr. Butt when I went home and asked him if he remembered—

Q. This again is since this investigation started ?—A. Yes, you wanted to find out all about the ice.

Q. I wanted to find out from the books, I knew all about the ice and about these people, I knew who they are.—A. Mr. Pearson is a good Conservative who lives in Owen Sound. Then you don't want this one from Mr. Butt.

Q. I don't care whether it goes in or not ?—A. Oh, well, then I will put it in.

The CHAIRMAN.—These are not evidence at all, but they might go in.

A. I only wanted to show that there was ice, Mr. Bennett seemed to think there was none.

Mr. BENNETT.—Oh well I knew there was ice all right.

By Mr. Kyte:

Q. I would like to hear that letter from Port McNicoll read.—A. (reads).

PORT McNICOLL, ONT., February 23, 1912.

Mr. JAMES PLAYFAIR,
Midland, Ont.

DEAR SIR,—With reference to our phone conversation of date, daily records of weather conditions kept here show that ice started to form in Port McNicoll Harbour between November 15th and 20th, 1910 and that although the ice was broken up daily on December 7th, when the last boat of the season arrived at the C.P.R. elevator, there was at least a foot of solid ice in the Harbour. It would have been impossible for this boat to have docked if an entrance channel had not been broken by tugs and kept open for several days previous to her arrival. On December 8th this same boat was with great difficulty towed out as it was impossible to turn in the ice.

Yours very truly,

G. F. BUTT.

Q. That is from the C.P.R. ?—A. No, G. F. Butt.

Q. He is one of the C.P.R. officials ?—A. No, I think he works down there for the elevators.

Q. He is an employee of the C.P.R., is he ?—A. I do not know that.

Q. You know who employs him ?—A. I think he is employed in the elevator of Metcalf, but since Metcalf finished I do not know who he is employed by.

Q. He is a hired man working for a man named Metcalf ?—A. I do not know who he is working for.

Q. Is he a permanent resident there ?—A. He goes down every day.

Q. From where ?—A. From Midland.

Q. You quite agree with me that he is not even in the employ of the C.P.R. ?—A. I don't agree with you at all, he might be.

Q. Will you say he is in the employ of the C.P.R. ?—A. I won't say he is or is not, I do not know.

Q. Will you pledge your oath that you do not know who he is employed by? Will you pledge your oath that Butt is not in the employ of the C.P.R.?—A. I answered that question.

Q. I am asking you a question, and I ask you again?—A. I do not know whether he is employed by Metcalf or by the C.P.R.

Q. You do not know whether he was employed by the C.P.R. or by Metcalf?—A. When he started the elevator he was employed by Metcalf. I do not know what he has done since.

Q. And so you desired to get some proof that there was ice there, and you got this young man Butt, who is not in the employ of the Railway Company at all?—

A. He is down there and knows what has happened. Here are the dates when the boats arrived in Midland if you like. (Refers to paper.) In 1910 the *Kearsage* arrived on December 3rd, and the *Turret Cape* on the same date, and the *Midland King* at noon. The *Midland Prince* arrived on the 8th, the *Port Colborne* on the 3rd, and the *Canadian* on December 5th. The *Midland Queen* got in on December 10th.

Q. Then if we want to know anything about the time of these two tugs, the *Minnedora* and the *Beaumont*, we will have to get Mr. Pratt here, will we?—A. Certainly, I did not keep any log of these tugs.

Q. Can you place the date when you made this bargain with Pratt? Did you tell Pratt first that you were going to get \$5,500?—A. Before I got it?

Q. Before you made a deal with him?—A. He knew what I got, that was the contract.

Q. I asked you when did you tell Pratt that you had made a bargain to get \$5,500?—A. After I got the contract, I suppose I told him.

Q. Then you made a bargain with him. Tell me again what that bargain was that you told him about. Was it the contract to get \$5,500? First, was it in writing?—A. No, not in writing.

Q. It was verbal?—A. Yes.

Q. Tell us what the contract was?—A. After I got the contract, I told him I got the contract, and I wanted to get the *Beaumont* and *Minnedora* to get the ice broken. The *Beaumont* was a good steel tug adapted for the work, and I told him that after we got through we would arrive at the basis of what it was worth. The *Beaumont* got a lot of damage, and after we got through we figured it would be \$4,500.

Q. Which was \$4,500 for the owner of the tug and \$1,000 for you?—A. Not for me, for the Towing Company. I kept the big tugs ready so that if anything did happen they would be ready to go out.

Q. It was primarily an arm to arm method of repaying the Dredge Company, you on the other side having the contract?—A. Yes.

Q. Had you and Pratt any joint interest in the *Minnedora*?—A. No, not more than any other shareholder.

Q. Let us have an explanation of that?

Mr. GERMAN.—What has all this got to do with this investigation, this arrangement between Mr. Playfair and the company? We are investigating a payment of \$5,500 for breaking ice. Now is that a reasonable payment or is it not, that is the question.

The CHAIRMAN.—One of the elements to be determined is what the work can be done for, and if he has got the work done for half of what it cost the government that is an element.

Mr. GERMAN.—It could have been done for \$1,000, and if anybody had known what was going to happen they probably would have taken it for \$1,000. There is an element of uncertainty in it, but are we going to sit here several days listening to this kind of thing.

The CHAIRMAN.—There would be the same element of uncertainty in the . . . of the owners of the two tugs.

By Mr. Bennett (Simcoe):

Q. You are interested as a shareholder in the ownership of these two tugs!—

A. Am I understood to answer that?

Q. Answer the question. I will ask you the question again.

Mr. GERMAN.—It is nonsense. It seems to me that we are absolutely wasting time.

The CHAIRMAN.—What we are trying to get at is the reasonableness of the price paid for this work.

Mr. GERMAN.—It was too much for the work that was done, there is no question about that, but is it too much for the risk they took.

Mr. PRINGLE, K.C.—I would like to say a word. I quite agree that so far as the examination has gone it has been perfectly regular; that is, I think Mr. Bennett had a perfect right to ask why \$4,500 were paid to the Canadian Dredging Company. Mr. Playfair has answered that very fairly. He says; We paid to the Canadian Dredging Company \$4,500 because we had the use of their two tugs, the *Beaumont* and the *Minnedora*. The *Beaumont* unfortunately with the hard work of breaking ice some eight or ten inches thick met with an accident and suffered considerable damage. Consequently \$4,500 was considered a reasonable amount to pay them, because they bore the brunt of the work. \$1,000 was paid to the Inland Lines, because the Inland Lines are the owners of the two tugs which were kept in readiness during the season of 1910 to go out and work. Now that we have got that information, it seems to me that we cannot go any further into any other company's business. I think we are confined. I agree with Mr. German; here is an enquiry as to whether the sum of \$5,500 paid by the Department of Marine & Fisheries of Canada to the Midland Towing and Wrecking Company in 1910 was a reasonable and fair payment. That is what we are enquiring into, and I think we have to limit ourselves to that.

The CHAIRMAN.—One of the elements is, what the Government were paying and who the parties were who got the payment.

By Mr. Bennett:

Q. Are you a stockholder in the Dredging Company that own these two tugs, the *Beaumont* and the *Minnedora*?—A. Yes, I have got some stock in it.

Q. And Mr. Pratt is a director too, isn't he?—A. Manager.

Q. And director as well?—A. Oh, yes.

Q. And stockholder as well?—A. He has got to be a stockholder to be a director.

Q. Then in effect you were bargaining with yourself as to the price that was to be paid to the tugs' owners?—A. How do you make that out?

Q. Had you not as much right to dicker on behalf of the Dredging Company as to what it should have for the use of those tugs?—A. I am not the manager.

Q. Pratt has the sole control of the Dredging Company's business and has most of the contracts?—A. He is manager the same as anybody else is manager.

Q. Does he exercise all these rights, or do you? When it comes to tendering on dredging don't you do it instead of Pratt?—A. That has nothing to do with this question.

Q. When it comes down to tendering on dredging, does Pratt submit tenders, or do you?

Mr. PRINGLE, K.C.—I submit, Mr. Chairman, that we are getting away from the question. Surely we are limited to the enquiry as to the \$5,500 paid to the Midland Towing and Wrecking Company. We find from Mr. Playfair that \$4,500 were paid to the Canadian Dredging Company. We find that Mr. Pratt is manager of the Canadian Dredging Company. Surely we are not going into dredging matters, tendering under dredging contracts; the Dredging Company is an incorporated company consisting of many individuals, some of whom may be of one political persuasion, and

some of another political persuasion. Mr. Pratt is their manager. He sees fit to accept \$4,500 for the services rendered by those two boats. Why get away from that into dredging contracts and dredging tenders, and so on?

There is only one way that an incorporated company can contract.

By Mr. German:

Q. We might just as well know it now as later on.

By the Chairman:

Q. Mr. Playfair is quite capable of taking care of himself, what we want to find out is whether it is really one transaction or whether it was divided up.—A. No, sir, it was not; it is a transaction by itself.

By Mr. Bennett:

Q. Were any of the directors of the Dredging Company consulted besides Mr. Pratt and yourself as to whether \$4,500 was a fair charge?—A. I could not say.

Q. Will you say they were not?—A. No, I could not say that, Mr. Pratt might have spoken to them, but I do not know.

Q. So that when you were discussing the price of \$4,500 to be allowed to the Dredging Company you were acting just as much for the Dredging Company as for the other Company?—A. No, I would not say so.

Q. Comparatively you were, you were a larger stockholder in the Dredging Company than in the Inland Company, were you not?—A. I do not think that has anything to do with it, but I may just tell you I am not, I have more in the Inland.

Q. Comparatively, I will use that word.—A. I do not know what you mean by comparatively.

The CHAIRMAN.—It means that comparatively your interests were greater in the one than in the other?—A. I would say—

By Mr. Bennett (Simcoe):

Q. Comparatively you were a larger stockholder in the Dredging Company than in the Inland Company?—A. I will have to do some figuring to find that out, because I have quite a lot in the Inland and the capital of the Company—speaking off hand I think they would be about the same.

Q. About the same?—A. I do not know, they might be.

Q. Still you thought that if the Dredging Company got \$4,500, and the Inland Company got \$1,000 it would be a fair deal?—A. Well, for the work and the damage done to the *Beaumont*: the *Beaumont* got \$1,500, damages done to her that winter.

Q. Well, Mr. Pratt will be able to show that in his books when he comes?—A. You might go up and see it yourself, although of course you don't know anything about iron work.

Q. Let me see the ledger entry now that will show the account against the Government where it is carried into the ledger for this amount of \$5,500.—A. You mean for \$1,000?

Q. No, for \$5,500, the amount of the account.—A. I have told you that I haven't any entry at all for \$5,500.

Q. What entries have you got in that book (indicating ledger)?—A. Just the same as in the journal, Department of Marine and Fisheries.

Q. Let me see that—where is it? (Ledger handed to Mr. Bennett).—A. Up at the top. Here (indicating entry) is where it shows the charge, and here is where the cash is shown, the Inland Line got \$1,000 for the work.

Q. Now where is the entry for prior years? You were asked to bring your ledger showing the entries prior to that year?—A. No, I was not.

Q. Have you done that?—A. No, I was not asked to.

Q. Well, perhaps we will have that on another day. I will take this evidence now and look it over. Now we will take the file from the Department and turn up

a letter of November 21st, 1910. I think this letter is already in, but I will just refresh your memory from it. Can you give me any explanation why in your letter of November 21st you addressed it to Mr. Johnston, the Deputy Minister of Marine and Fisheries, instead of to the Minister.—A. I think it is customary, is it not to write to the Deputy?

Q. That is your opinion, is it, that in doing business with the Department you do not address the Minister, but the Deputy?—A. It all depends, if you are answering a letter from the Deputy Minister you would address it to him, but if you were writing to the Department you would address it to the Minister.

Q. There has been no letter from the Deputy Minister?—A. Maybe there was one the year before, Mr. Bennett?

Q. You say in your letter,

“Dear Sir,

The last few years we have had the contract of keeping the harbour open for allowing vessels to get into the different elevators, and as I have not heard from you so far this season I thought I had better write you *re same*.

We will keep the harbours of Midland, Tiffin and Victoria Harbour open till the last steamer arrives for the sum of \$5,500”.

Now the reason you addressed the Deputy on that occasion was not because you received a letter from him, because this was the initial letter on the subject that year; isn't that right?—A. I will say so, for that year.

Q. For this year, yes A. But maybe there—

Q. Can you give me any reason why you should have addressed the Deputy instead of the Minister?—A. No, I cannot give you any reason unless I got a telegram from the Deputy Minister.

Q. No, you will find there is no telegram or letter from the Deputy Minister at all.—A. Oh, yes, there is, you will find them on the file.

Q. Prior to this letter?—A. Oh, no, after that. When we concluded that sentence we went on to another one.

Q. Now there is a telegram here—your letter was on the 21st—on November 30th, addressed by Mr. Grant to the Deputy Minister:

“Hope you will send instructions for ice-breaking Midland, Victoria as soon as possible to Midland Towing and Wrecking Company who have had contract for last three years”

how did Mr. Grant come to intervene nine days after, to telegraph to the Deputy?—

A. Well, all I would say from memory is that we, maybe, had not heard from the Deputy, and the ice was forming so we were just trying to hurry it up if they were going to give us anything, so that we would be ready.

Q. And that was the only reason Mr. Grant wrote?—A. I do not know, Mr. Grant had some correspondence with them before.

Q. But I am confining myself to this year—A. You are trying to make out that Mr. Grant did that—

Q. Well, I am reading the telegram to you, there is the telegram of Mr. Grant to the Department.—A. I would likely see that the ice was forming and say to Mr. Grant that I hadn't heard from the Department and he had better give them a wire.

Q. But why not give them the wire yourself?—A. Maybe I did.

Q. The file shows that the telegram was from Mr. Grant—A. Isn't there a wire later?

Q. We will take this one as we go along. What is the explanation, if you can give me any explanation, why you should telegraph the Department through Mr. Grant instead of telegraphing yourself?—A. If you had a lawyer doing business for you it would not be courtesy to go past him all the time.

Q. Well, I will take your answer. It was as a matter of courtesy that you asked Mr. Grant to telegraph.—A. I did not say that.

Q. Lawyers do law business, they do not run their feet off around the Departments on such matters as these, as I understand it. What is your explanation why Mr. Grant telegraphed.—A. I cannot give any.

Q. You cannot give any explanation?—A. Not any more than what I have told you.

Q. Then on December 3rd there is another telegram from Mr. Grant to Mr. Johnston, the Deputy Minister. What was the reason of this telegram? If it was a pressing matter with you why did you not wire yourself? Or did you consider that Mr. Grant was of more importance with Mr. Johnston than yourself?—A. Now I would not say about that, I might likely have just left it to him to write.

Q. Was there any arrangement—I will put it straight—between you and Mr. Grant as to what share he was to have of this payment?—A. No, sir, nothing at all; that is straight to the point.

Q. Are you prepared to tell me how much Grant got for his services?—A. He got nothing at all.

Q. All right, we will take that down. You say Grant received not one dollar directly or indirectly for his services in that regard?—A. Unless he put a bill in as a regular lawyer. What you mean is if he got a commission.

Q. What did he get as a lawyer?—A. I do not know, I am not supposed to say what goes on between a lawyer and—what do you call it, Mr. Pringle—a client.

Q. Did you pay him \$500?—A. I have not got to answer this, have I. Mr. Pringle?

Q. You answer whether he got \$500?

Mr. PRINGLE.—I am sorry I have not the say, it is the Chairman.

By Mr. Bennett:

Q. You answer whether you paid him \$500?

The CHAIRMAN.—I think if he swears he did not pay him any commission at all that covers it.

Mr. BENNETT.—I have a perfect right to ask him if he paid \$500, and if he declines to answer, very well.

WITNESS.—The Chairman has given his ruling. I said he got no commission.

By Mr. Bennett:

Q. I asked you a straight question. You cannot fool with me, I have seen you in courts too often?—A. So have I.

Q. I asked you a straight question, and I want you to answer it?

Q. I ask Mr. Chairman what do you want me to do.

Q. Did you give Grant \$500 out of hand?—A. No.

Q. Did you give him \$400?—A. No.

Q. Did you give him \$300?—A. No.

Q. Did you give him \$200?—A. No.

Q. Did you give him \$100?—A. No.

Q. Did you give him a dollar?—A. No.

Q. Did you pay him in the capacity of a lawyer through a lawyer's bill, \$500 for his services in this regard?—A. No, not in that regard.

Q. Well, in connection with this and something else, did you pay him \$500?—A. I do not know all the bills. He may have rendered a bill for \$800, I do not know.

By Mr. Kyte:

Q. Is he your regular attorney?—A. He does our work up there.

By Mr. Bennett:

Q. Is he the regular attorney of the Inland Navigation Company? A. No. He asked me about the Company up in Midland.

Mr. KYTE.—The Midland Towing Company is credited with \$5,500, and that is the Company I had in mind.

By Mr. Bennett:

Q. Is Grant a director and stockholder in the Dredging Company? Brush your memory up a bit. The day you did not remember. Is Mr. Grant the Secretary and Treasurer of the Dredging Company? You might as well be frank and say Yes?—A. You know as well as I.

Q. I am asking you to get it on the record. Last week we had it that he was not, this week we have it that he is.

By Mr. Fowler:

Q. It was the Dredging Company that did the work?—A. They did it with the *Beaumont* and the *Minnedora*. When we got through with the work we settled up and allowed them \$4,500 for their share of the work.

Q. Did you do the work for the \$1,000?—A. We kept the tugs in commission, and if anything had happened to them we figured that that would have been about right.

Q. What were the tugs you kept in commission?—A. The *Traveller* and the *Magnolia*.

By Mr. Bennett:

Q. Who was the Captain of the *Traveller*?—A. Roy Burke.

Q. And who was Captain of the *Magnolia*?—A. Sandy Cuff.

Q. Will you please turn up the account of Roy Burke in that book. Will you show me the last work done in 1910 by Roy Burke?—A. We settled up on December 16th. He got his money paid him up to the 16th December.

Q. Of course the *Traveller* was looking out for wrecks at the same time?—A. Oh, yes.

Q. Those were the days before gas buoys, weren't they?—A. What kind of buoys?

Q. The days before gas buoys?—A. I do not know whether there are gas buoys up there all over.

Q. Let us come back to Grant's position. Mr. Grant was a director and shareholder of the Dredging Company?—A. He is interested in the Dredging Company, yes. You know all this as well as I do.

Q. And the public will know more about it. Did he have any part in making this bargain with the Dredging Company to take \$4,500?—A. I told you no, that was made with Mr. Pratt.

Q. You do not know anything about that? A. I do not know that he did or did not.

Q. Was he consulted about it?—A. Not that I know, he wasn't.

Q. Have you got an account in your books of the Inland Company with Grant?—A. No, we just keep the tug bills in here, and any other bills go to Hamilton.

By Mr. Fowler:

Q. Is there anything to show the actual work you did that year?—A. Oh, yes, we put that in evidence, when the last boat got in and everything.

Mr. BENNETT.—They have got a couple of letters and telegrams since this investigation started.

WITNESS.—What more do you want. Would you like to see the telegram, Mr. Fowler?

Mr. FOWLER.—Very much.

By Mr. Bennett:

Q. You have no recollection then that you made any arrangement at all with Mr. Grant as to what he was to have for his services in this connection?—A. I told you he was not to get anything.

Q. Do you say Mr. Butt is employed by the C.P.R.?—A. He is at the C.P.R. elevator at McNicoll.

Q. Do you mean to say, and to swear that he is employed by the C.P.R.?—A. I told you.—

Q. Are you prepared to pledge your oath that you do not know whether he works for Mr. Metcalf or the C.P.R.?—Yes—now I do not know who he works for.

By Mr. Fowler:

Q. You do not know whether he works for the C.P.R. or Mr. Metcalf?—A. Mr. Fowler, I was going to tell you that I knew he worked for Mr. Metcalf at first, but Mr. Metcalf finished building the elevator and Mr. Butt is still there, but I am not sure whether he is in the employ of the C.P.R. or not, or whether he is still working for Mr. Metcalf. It does not make any odds, he works there and he knows the conditions.

Q. Who is Captain Pearson?—A. He works for me, he sails the *Midland Prince*, but Mr. Bennett says he is no good because he works for me. The Chairman knows him, he is one of the best men in Owen Sound.

The CHAIRMAN.—What is he, a Tory?

A. Who, Pearson?

Q. Yes?—A. Yes, and a bad actor, too.

By Mr. Bennett (Simcoe):

Q. Coming back to the question why Mr. Grant was allowed to telegraph to the Department, I am going to ask you the question, did any arrangement exist between Mr. Grant and you as to his receiving any consideration for his services in that connection?—A. I answered that before, no.

Q. And the question was never discussed between you and Mr. Grant whether he was to receive any consideration?—A. No.

Q. There was never any discussion on it, and he never received anything for his services?—A. He did receive something for his services, but not in connection with it, he got no commission.

Q. He received not one dollar in connection with that matter either by way of commission or lawyer's fees?—A. I never saw a lawyer yet who didn't charge for writing a letter.

Q. I will have an answer to that question?—A. Mr. Grant.

Q. I will ask you again, and if you do not want to answer it all right, I will just ask the Chairman to rule on it.

By Mr. Fowler:

Q. Captain Pearson does not say in his letter which has been quoted that he could not have got in to the elevator without the assistance of the tug?—A. Yes, he does, read it, at the top.

Mr. PRINGLE—(Reads) 'Had it not been for the assistance of the two tugs would not have been able to deliver our cargo.'

By Mr. Fowler:

Q. (Reads) 'When abreast of Gin Rocks ran into ice about three to five inches thick which increased to six inches almost Snake Island had great difficulty in making turn to proceed to Victoria Harbour and had it not been for the assistance of the two tugs would not have been able to deliver our cargo.'

By Mr. Bennett (Simcoe):

Q. Now, how big a boat is this leviathan of the deep, the *Beaumont*, how many feet long is she? 50 feet long?—A. The *Beaumont* is 70 feet.

Q. About 70 feet long. The *Beaumont* is about 70 feet long, and how long is the *Midland Prince*, that is the boat Captain Pearson is on?—A. I think the *Prince* is 465 feet long.

Q. And the inference that you gather from the telegram is that had it not been for the help of the 70-footer, the 465-footer would never have got through?—A. Yes, sir, that is just right. If it had been a thousand footer she could not have got through. A loaded boat cannot get through ice at all, you know enough about ice to know that.

Q. We have all seen them go through the ice there without assistance.—A. You never did in your life. Do you mind the year that the *Matthews* came there and could not get in. You never saw a loaded boat come in through the ice in your life, they cannot go through thick ice.

Q. And it is your honest opinion that the 465-foot boat could not have gone out had the 70-foot boat not broken the ice for her?—A. You mean out of Victoria Harbour?

Q. No, Midland?—A. She went into Victoria Harbour first and took off part of her cargo, 150,000 bushels, and then she had to come into Midland, and she could not have done that much had she not had the ice broken for her.

Q. Now, how much did Mr. Grant, in his capacity of lawyer, receive for his intervention in this matter?—A. I do not know anything about what his bill was—I say he got no commission.

Q. You are hinging on that word commission, I am not asking you that. What I am asking you is, in his capacity as lawyer what amount did he get? We are going to have Grant here you know.

Mr. KYTE.—The witness made the statement, a fair statement, that he paid Mr. Grant a legitimate charge for the telegram and the letter.

By Mr. Bennett:

Q. Well, he only made a fair charge for his two telegrams that is your statement. Now tell me, do you pledge your oath that all Mr. Grant received in this connection was when he made out a bill to you for attending to the transaction twice?—A. I did not say twice at all, I said Mr. Grant's bill, if he billed me in connection with that, I likely paid, but I say that he got nothing whatever out of that for commission or anything like that.

Q. I am not using the word commission at all. Let me ask you this question, have you discussed this matter with Mr. Grant since you knew you were coming down here?—A. He knew I was coming down, they were all discussing it, your friend Raikes was down to see me about it, and all your friends up there. We were glad to see you are alive yet and doing well.

Q. You and Mr. Grant have discussed the matter?—A. We have talked it over.

Q. How many times?—A. I cannot tell you, life is too short to worry over those details.

Q. It is?—A. Yes.

Q. You worry over smaller things than that I know around there. How much did Mr. Grant receive by way of lawyer's fee for his services in this connection?—A. I do not know.

Q. All right then, you pledge your oath to that, you do not know how much he received?—A. What has all this to do with this question. I have told you four or five times.

Q. I am going to ask you that question until I get an answer if I have to ask you forty times, you do not know what amount Mr. Grant received in this connection?—A. Yes.

Q. Either in the capacity of lawyer or otherwise?—A. I have told you that, there is no good repeating it.

Q. And have you and Mr. Grant, since the service of the subpoena on you in this connection mentioned how much was paid to him for this service?—A. No, sir.

Q. You have been singularly mum on that question, I suppose?—A. No, it never entered my head.

Q. Now when you figured out the \$5,500, it was all based on the prospective arrangement that you were making with the Dredging Company?—A. Oh, no. I told you before that I had nothing to do with the Dredging Company when I put the contract in. I told you that in the first part of it.

Q. Well, then, how did you arrive at the figure of \$5,500 when tendering?—A. We had the time before got \$3,200, and we figured that it was worth about or pretty nearly double that to do Victoria Harbour and we called it \$5,500, there was no decimals, nor anything like that in it.

Q. You figured that it would be worth twice as much?—A. Yes.

Q. How much is twice \$3,200?—A. When I was at school it was \$6,400.

Q. Then how did you come to figure on \$5,500, that wasn't twice as much?—A. I did not say it was twice as much, I said it was about twice as much.

Q. You said twice as much?—A. I said about. I think Mr. Fowler will say I said about.

By Mr. Fowler:

Q. What did it cost in 1909?—A. I think they gave us \$3,200.

Q. Yes, but what did the work cost?—A. I think 1909 was the open year.

Q. You did not do anything?—A. We did a little, but not so much.

By Mr. Bennett:

Q. Now, in 1909 how much did Grant receive out of the \$3,200?—A. We have nothing to do with 1909.

Mr. PRINGLE.—If we are going to open a door to go beyond the inquiry, we do not know where we are going to stop.

Mr. BENNETT.—You might as well let us have it, or I will make a motion in the House.

Mr. PRINGLE.—If we are going back as far as 1905, there is a proper way of doing that, but we have no right to go beyond the present inquiry.

The CHAIRMAN.—I do not think we can do that without a motion.

By Mr. Bennett:

Q. Do you decline to say how much Grant received in 1909?

Mr. PRINGLE.—That is not the point. Why are we going into that?

The CHAIRMAN.—We were simply going into the prices before, if we are going into the details I think we ought to move a motion.

Mr. BENNETT.—All right, any information about the *Beaumont* we will have to get from Mr. Pratt.

By Mr. Fowler:

Q. How many boats came in after the 3rd December?—A. After the ice formed I think three-quarters of a million came in.

Q. I did not say bushels, I mean how many boats?—A. The *Kearsage* came in, and the *Turret Cape*, and the *King* came in on No. 1 elevator on the 10th in 1910.

Q. December 3rd?—A. That is when they arrived, December 3rd. The *Turret Cape* came in at 6 p.m.

Q. I mean after the 3rd how many came in?—A. The *Midland Prince* came in, the *Canadian* came in, and the *Queen*, and the *Port Colborne*.

Q. The *Port Colborne* came in on the 3rd?—A. 5.30 p.m., December 3rd.

Q. Then only two boats came in after the 3rd, the *Canadian* and the *Midland*?—
A. And the *Prince*, yes. There was another to come down later on, but she did not clear from Fort William by the 7th and did not get away.

Q. There were just two came in, then?—A. Yes, the other boat left later, and went down to Goderich and other places. Q. Two got in, and there was one on the way that did not come so far?—A. One was coming down, but she never got away. They did not get her unloaded in time for the 7th.

Q. And that is all after the 3rd?—A. I do not know of any others. A good many times we get the orders changed.

By Mr. Fowler:

Q. There is a telegram (reads): 'Victoria and Midland Harbours are frozen over and ice forming fast, six grain boats still to get in here and some will not be here for a week, unless ice-breaking started at once, it will be impossible to get these boats in port.'—A. What date is that?

Q. December 3rd. These boats had arrived?—A. They would not get in until noon.

Q. What time did he send that telegram?—A. I do not know, sir. He might have sent it early in the morning. A loaded boat cannot go through two inches of ice. A light fellow can go through, it is away up in the air, but those heavy fellows when they go into the ice corrugate up and the ice jams them and corrugates all their plates. The year we brought the *Tadousac* in it cost \$3,500 for plates that buckled.

By Mr. German:

Q. Is it not a fact that newly formed ice will cut steel plates like a chisel, cut through them?—A. I do not know if it will cut them, but it will force them between the frame and corrugate them. The frames are so much apart, and the ice shoves them in.

Q. I am told by vessel men that newly made ice will cut wood?—A. It will cut right through wood. There was a case a few years ago in the Detroit river.

Q. And I am told it will cut steel?—A. A loaded boat will not go through ice, a light boat will.

By Mr. Fowler:

Q. You say it will not go through two inches of ice?—A. Two inches is hard. A boat will not go through it. It jams.

By Mr. German:

Q. Two inches of new ice is worse than eight inches of sound ice?—A. Mr. Pinard has seen all the boats up there for twenty years. Ask him what he knows about it.

Mr. BENNETT.—They have come into Midland when the ice was a foot thick.

WITNESS.—It was broken for them.

Mr. BENNETT.—It was not broken for them.

WITNESS.—Give me a name.

Mr. BENNETT.—I do not keep track, but I know. Three boats stood out at the point and they turned them around and worked their way in.

WITNESS.—That was the *Tadousac*, and it cost \$3,500 to fix her.

Mr. BENNETT.—Mr. Pringle, will your client refuse to answer anything back of 1910, if so he will have to come back again.

Mr. PRINGLE.—That is for you to say. We are dealing with the payment of 1910.

Mr. BENNETT.—If you decline to go behind that I will have to move a motion.

The CHAIRMAN.—Ask him a question and see whether he refuses or not.

Mr. BENNETT.—I have asked the question and he has refused.

Mr. PRINGLE.—What do you want to know?

Mr. BENNETT.—I want to know the arrangement in the prior years with Grant.

By Mr. Pringle :

Q. Have you any hesitation in answering the question whether any payments were made to Grant for contracts in former years?—A. There was nothing paid to Grant on account of this job or for his work trying to get it, that is right.

By Mr. Bennett :

Q. In prior years?—A. Yes.

Mr. D. D. MCKENZIE.—We have a ruling on this point.

The CHAIRMAN.—I have already ruled. We cannot go into the details of former years. The reason we allowed them to be mentioned at all was to get the prices that had been paid in order to compare them with the lower price paid this year, but if we are going into the details of prices in other years you will have to move for leave in the House to go into Auditor-General's Reports for those years for those items.

Mr. PRINGLE.—What strikes me is this, we always get into trouble if we become irregular and we had far better proceed regularly. Mr. Bennett wanted, I thought, only to ask in regard to Mr. Grant whether he had received any money out of the previous year's contracts, and Mr. Playfair's answer is that he got none.

Mr. BENNETT (Simcoe).—Mr. Playfair's answer is not that he got nothing.

By Mr. German :

Q. Has Mr. Grant got anything out of all these contracts more than his legitimate fees?—A. No.

By Mr. Bennett :

Q. Then what have been his legitimate business fees?—A. I do not know.

Q. We will take that answer, you swear you do not know what you paid Mr. Grant?—A. No.

Q. I will ask you that question, again. Do you still pledge your oath that you do not know what Mr. Grant was paid in connection with these ice-breaking contracts?—A. Yes, I have told you that before.

Q. You haven't the slightest idea whether you paid him anything or not?—A. No.

Q. All right, and there is no charge of any kind between Mr. Grant and either you or this Company for any fees for arranging this contract?—A. Not that I know of.

Q. Not that you know of?—A. Yes.

Q. We will take that with the qualification that there may be but you do not know. —A. As I explained before for sending those telegrams or letters the chances are that he sent in a bill for the work for his regular legal charges, but I do not know what they were.

By Mr. Fowler :

Q. Have you his account here?—A. No, sir.

Mr. BENNETT.—If we cannot go into the prior years we may as well, as far as I am concerned, stop here, and I will move for an Order of the House giving us the necessary authority to do so.

By Mr. Pringle, K.C.:

Q. There is just one thing I want to make clear, Mr. Playfair, you have given us a statement showing that a number of boats arrived between December 1st and

December 10th in the year 1910. Do you know the capacity of those boats, take for instance the *Kearsage*?—A. The *Kearsage* carries about 140,000.

Q. What is the capacity of the *Turret Cape*?—A. 110,000.

Q. And the *King*?—A. 200,000.

Q. Now these appear to have unloaded at elevator No. 1?—A. Yes.

Q. Where is elevator No. 1?—A. At Tiffin.

By Mr. Fowler:

Q. Are these your boats?—A. No, sir, the *King*, that is all.

Q. The *King* is the only one of them?—A. Yes.

By Mr. Pringle:

Q. Now the *Port Colborne* was unloaded, what is her capacity?—A. I think she is about 80,000.

Q. And the *Canadian*?—A. She is 120,000.

Q. And the *Midland Prince*?—A. 300,000. She took a half off at each place.

Q. That would be considerably over a million bushels of grain that were unloaded at these harbours after the ice had formed?—A. Oh, fully.

Q. Over a million bushels, yes. Now it has been suggested that these boats could have got in, to this harbour without the assistance of the ice-breaking tugs. Now, as a practical man what do you say to that?—A. They could not do it, and the insurance companies wouldn't let you.

Q. They could not do it and the insurance companies wouldn't let them do it.—A. What I mean by that is this, that in 1906, I think it was, all the boats sustained a lot of damage from ice, and the insurance companies turned around and said that they would not pay any claim up to 3 per cent. of the value of the boat for ice damage. Take the *Prince*, for instance, she is valued at \$340,000, and you would have to have \$10,200 damage to that boat before the insurance company would pay you anything, and then they only pay what is in excess of the three per cent. That started in 1906 when the boats got into all this trouble trying to buck the ice as Mr. Bennett says he saw them buck eight inches, they can't do it.

Q. Then, owing to the harbour being kept open in 1910 they were able to bring over a million bushels of grain into these harbours that would not otherwise have gone there?—A. That grain would have gone to Depot Harbour or other ports instead of coming in there if the port had not been kept open.

Q. Now some question has also been asked in regard to the \$4,500 being paid to the Dredging Company for the use of the tugs *Baumont* and *Minnedora*?—A. Well, we considered, Mr. Pratt and myself, when we got through, that \$4,500, was a reasonable and fair amount because the *Baumont* got about \$1,500 to \$2,000 damage to her plates in bucking the ice.

Q. At that season of the year you could not have insured those boats?—A. No, we did not insure the tugs, we could not do so anyway, that late in the year.

Q. Did you or did you not take the risk of losing a tug in carrying on this?—A. Oh, yes, we took the risk because any moment you might start a plate and let them sink.

By Mr. Fowler:

Q. The ice-breaking would cost five cents a bushel of grain at that rate?

—A. Oh, no, five cents a bushel would be \$50,000.

By Mr. German:

Q. Do you remember the *Genalla* being stuck in the ice at Mud Lake away out in the entrance?—A. Yes.

Q. What was the thickness of that ice do you remember?—A. I do not know how thick the ice was there, it wasn't very thick.

Q. How long was she tied up there?—A. A couple of days, if I remember right, I think another fellow came down and broke her out.

Q. That was with two to three inches of ice?—A. Yes.

Q. And what is the capacity of the *Genalla*?—A. The *Genalla* is 119,000.

Q. And a steel boat, isn't she?—A. Yes.

By Mr. Pringle:

Q. Now this \$1,000, you have allowed, to the Inland Lines Company was, you say for their tug boats which were kept in commission for this work?—A. Yes.

Q. And the \$4,500 was allowed for the two tugs that actually did the work?—A. Yes.

Q. Now I find from a letter here that the ice began to form between the 15th and 20th of November, and that it was broken up daily until December 7th when the last boat of the season arrived at the C.P.R. elevator, which would be a period of 18 to 20 days that this harbour was kept open, according to this record which may be right or may be wrong.—A. The ice formed, I would say in Victoria Harbour and for the first few days you would not do anything with it, it would be only thin ice and you would not likely start breaking ice until about the 28th of November.

By Mr. Fowler:

Q. Would these vessels be coming in daily?—A. Oh, yes, some days three or four came in, that is in the fall of the year.

Q. Then the ice would not form with these boats coming in?—A. Yes, but in Victoria Harbour they may not be in there for three or four days and then it would be worse than new ice because the chunks get frozen together and makes it hard.

By Mr. Pringle:

Q. The steamers were kept in commission, or at least the crews were paid, as I see by your books, up to December 16th?—A. Yes.

By Mr. Fowler:

Q. I do not know anything about ice in fresh water, but in salt water what you say about the conditions of the ice would not be true at all. If you keep it broken up for 24 hours it will not do any harm once you get it broken through.—A. Well, it does up there.

Q. We would not consider a foot and a half of what we call board-ice dangerous, not drifting-ice. The drifting-ice is more dangerous than board-ice.

MR. GERMAN.—Drifting-ice is nothing. It is the first freezing of the water, the two and three inch ice that is the dangerous thing in fresh water. Is that not so?

WITNESS.—Oh, yes. I will explain that to you. Take your boats in the ocean, they are all sharp. Take the lake boats, they are all very bluff in the bow, and they shove the whole thing before them. Your ocean boats are sharp, and they will get through some, and can back away and start cracking the ice. These lake boats are bluff and will not go into any ice.

By Mr. Pringle:

Q. I see from a report of Col. Anderson that there were nearly four million bushels of grain brought into these different harbours between the middle of November and the close of navigation?—A. I would say there would be fully that.

Q. Midland can show 2,350,872 bushels. Now, he points out that ice is very apt to form about the middle of November?

Q. It does down there, because it is kind of land locked. He says that in the middle of November ice is liable to form in the harbour, and while the work of breaking the same might not be heavy, it must be continuously carried out. Is he right in that report which he made to his Department where he says that the ice is liable to form in the middle of November, and while it might not be thick, the work must be continuously carried out?—A. I would say that is perfectly correct.

By Mr. Fowler:

Q. There was one thing we were talking about at the last meeting, that was this \$500 for 1906, I think?—A. 1905.

Q. 1905. There was a dispute between you and the account. You claim that that \$500 was for a certain purpose?—A. I think I got a year ahead. It was the year before, I guess.

Q. You were wrong then, and the account was right?—A. So I noticed by the evidence afterwards that I was in the wrong.

By Mr. Bennett:

Q. What tugs are owned by the Waldie Company of Victoria Harbour?—A. The *Reginald* and the *Charlton*.

Q. How big a tug would the *Reginald* be, what length?—A. I think a little over 100 feet, 110 or 115.

Q. How long is the *Charlton*?—A. About 150, I think.

Q. What tug is owned by the Waubashene Company?—A. The *Waubashene*.

Q. About what length is she?—A. Isn't she about 85 or 90?

Q. What tugs are owned by the C. Beck Company of Victoria?—A. The barge *Chamberlain*.

Q. What is her length?—A. The barge *Chamberlain* is a little lumber carrier, about 160. The *Wahnapatae* I think is about 90 feet.

Q. How big is the *Minnedora*?—A. About 65 feet, I think.

Q. So the tugs I have mentioned are all bigger tugs than either the *Minnedora* or the other one?—A. They are all bigger, but none of them are adapted for the work, except the *Waubashene* tug, none of the others you mentioned could break ice for they are all wooden tugs.

Q. What is the *Minnedora*?—A. She is a wooden tug ironed over.

Q. Are the others not ironed?—A. No.

Q. Do you say that the *Waldie* tug has not a bit of iron on her?—A. Just in the very bow she has no iron along the side if I remember right.

Q. You do not say they are not ironed?—A. I am pretty sure they are not.

Q. What about the Beck vessels?—A. They are not ironed at all. The *Waubashene* is the only tug that could do the work, and she would not be very good either for she has got a maple bottom.

Q. There was an account read here, a bill put in for 1906 which says "From 27th November to 14th December, breaking ice, \$500." Then there was a bill in the Auditor-General's Report for the prior year of 1905, "For breaking ice, \$400." Have you any recollection of that?—A. That is what I told you last time I was here. It was not for breaking the ice, it was more for going to bring out the lighthouse-keeper. They came up and made a dicker to take off the lighthouse-keeper from the Western Islands, for which they gave the *Little Minnetaga* \$400.

Q. How do you explain that the accounts rendered by your Company show that it was not for taking off the lighthouse-keeper but that it was for breaking ice?—A. Doesn't it say that it was for taking off the lighthouse-keeper?

Q. It says for breaking ice, so that there never was a year, according to the files of the Department that \$400 or \$500 were paid for taking off a lighthouse-keeper?—A. I say the \$400 was for taking off the lighthouse-keeper. Look up the records.

Q. Depot Harbour was mentioned, how far is it in from the outside island, how many miles?—A. About 18 miles from Red Rock.

Q. And the ice would freeze in between the Islands quicker than in a large open Bay?—A. There is something queer up in Depot Harbour, it does not freeze until away late. Take Barrie Bay, you know that is open after everything is frozen.

Q. Up among the Islands it does not freeze?—A. It freezes at the Sisters, as you go in, but there is always a surf coming in from the Lake and it keeps it open.

That is the last place to open in the spring, but in Depot Harbour, where the elevators are, it is very late in freezing.

Q. In Depot Harbour, it is eighteen miles in from the Islands; the course of vessels is through Islands that do not freeze up as quickly as Midland Harbour?—

A. No, it does not. Look into that for fun and see if I am not right.

By Mr. German:

Q. There may be some springs there.—A. It does not freeze up until away late.

By Mr. Hughes (Kings, P.E.I.):

Q. Are there currents?—A. Yes, you will see water rushing out.

By Mr. Bennett:

Q. Coming now to the fall of 1911—

Mr. PRINGLE.—Are we going into 1911. It is not on the record.

Mr. BENNETT.—It is not prior to. This was all gone into last week. Mr. Pringle went into it.

By Mr. Fowler:

Q. With reference to this account, Mr. Playfair, for \$500, you remember, I want to get that cleared up.—A. Yes.

Q. Your book-keeper makes out this account, and your solicitor writes this letter, and in both the letter and the account it is stated to be for keeping the harbour open, and you stated the other day, it was not for keeping the harbour open at all, but it was for taking off the lighthouse keeper.—A. Well, I found out when I got home that I was wrong in stating that, because it was the year before that we had the contract to go out and take the lighthouse keeper off and we got \$400 for that. That \$500 was never paid at all.

Q. But the account is on the file?—A. Oh, yes, I know.

Q. And therefore the \$500 was for what it was stated to be?—A. Well, I would say that we went out for the lighthouse keeper again and sent in a bill for it thinking we would be paid, but we never got it.

Q. Do you say that this bill is not for what it purports to be on its face?—A. I would say that we had to bring the lighthouse keeper in, you see the year before we did not keep the harbour open at all, we had only to go out and get the lighthouse keeper.

Q. And you got \$400 for that, and this year you kept the harbour open and put in a bill for the whole service as well as for bringing in the lighthouse keeper?—A. Yes, as I explained to you the bill was not worded very well.

Q. I know, it may not have been very good English.—A. That is what it was for, taking the lighthouse keeper off.

Q. It was for all the services you rendered that season?—A. Yes, with the little *Minnetaga*.

Q. For all the services rendered there, taking off the lighthouse keeper and keeping the harbour open, and any other little service which you rendered, all is included in this \$500?—A. I do not think we would keep the harbour open, but we were figuring on going out and taking off the lighthouse keeper and we put it that way.

Q. It says for 'keeping the harbour open'?—A. I should not have been put in that way. I got mixed up with the \$400 account.

Q. 'To keeping the tug *Minnetaga* in commission and keeping the harbour open till the last steamer arrived December 14, '05, \$500,' that is the way the bill reads. Now you say that contains a mis-statement?—A. Well, just from memory.

Q. That you did not keep the harbours open?—A. This year it was just Midland, you know.

Q. Yes, I know.—A. And I could not say just offhand what we did that year. Ed. Burke was on the tug and he would know.

Q. But you have said the bill was all wrong?—A. I corrected myself; because I knew we only got one small amount from the government, and it turns out that it was in 1904 and not 1905.

Q. You say that the bill for \$500 contains a charge for taking off the lighthouse keeper for which you received \$400 the year before, and for keeping the harbour open and any other work you may have done for the government during that season?—A. No, I do not say that, not other work.

Q. What was it for?—A. I would say that bill was rendered for the same as the account was rendered for the year before which was paid.

Q. And that it was absolutely false from beginning to end so far as this statement was concerned?—A. No, I don't say that.

Q. Yes, if it was for taking off the lighthouse keeper it could not be for keeping the tug *Minnetaga* in commission and keeping the harbour open till December?—A. I think the bill said the year before that it was for taking off the lighthouse keeper and keeping the harbour open, \$400. I think it was stated in the bill, you turned it up that day and showed it.

Q. No, I did not turn up the bill.—A. It was turned up by some man, I think I am right, and then when the 1905 bill was rendered it said, 'Tug *Minnetaga*, keeping harbour open &c. for \$500.' When you asked me about that before it was so long ago I did not quite remember.

Q. But you say you did not keep the harbour open?—A. No, I didn't say that, sir, I said,—

Q. Did you keep the harbour open in 1905 up to December 15th?—A. What I was going to say was—

Q. Just answer that question?—A. But I want to explain.

Q. Answer that question and explain afterwards. Answer the question, did you keep the harbour open till December 15th?—A. I could not tell you offhand.

Q. Is there any way you could prove it?—A. I would have to see Burke who was on the tug.

Q. We can have him here?—A. You can write to him and he can tell you about that; I do not want to do anything but to explain what you want to know. I do not think you need to bring him down here.

Q. Now you say that in the year 1904 you took off the lighthouse-keeper and got \$400?—A. As far as I can give from memory, I think that is what we got that year.

Q. This is the bill, 'Midland Towing and Wrecking Company, to keeping channels open for steamers, tug ten days, at \$40, a day, \$400'—A. Doesn't it say anything about the lighthouse-keeper?

Q. Not a word about it?—A. I thought the lighthouse-keeper was there.

Q. 'Keeping channels open for steamer, tug ten days at \$40, \$400,' and in 1905 the bill is for \$500 for the same services expressed in nearly the same words as the one that was paid.—A. Which one?

Q. The \$400 was paid?—A. Yes, and the \$500 wasn't.

Q. That bill is for the same service and is expressed in the same way as in 1904. And in 1906—A. We got nothing.

Q. Nothing was done. And in 1907 you got \$3,200.—A. In 1907?

Q. No, it was \$4,000.—A. Something like that.

Q. And in 1908, \$3,200; in 1909, \$3,200; in 1910, \$5,500; and in 1911, nothing. That is right isn't it?—A. Yes, I am sorry 1911 was so mild or we would have had about the same as in 1910.

Q. You were sorry you were so mild?—A. No, I am sorry the weather was so mild.

Q. I thought you were regretting you were so mild?—A. No, the weather got very soft towards the last.

Q. Didn't you try to get something?—A. Oh, yes.

Q. But there was a new ruler in Egypt?—A. No, I have as great faith in Mr. Hazen as to think he will keep the harbour open. Mr. Bennett wrote to him about it himself.

By Mr. Bennett:

Q. Yes, to have the Government steamer do it?—A. Yes, but I can run a boat much cheaper than the Government can and the Government might just as well give me the work.

Q. On December 1, 1911, you wrote a letter to the Department asking what about ice-breaking, do you remember that?—A. Yes.

Q. Why didn't Mr. Grant write that letter?—A. He may have been away at the time, anyway I could write the letter.

By Mr. Fowler:

Q. Grant had lost his pull?—A. Yes, I have to keep in with you fellows anyway.

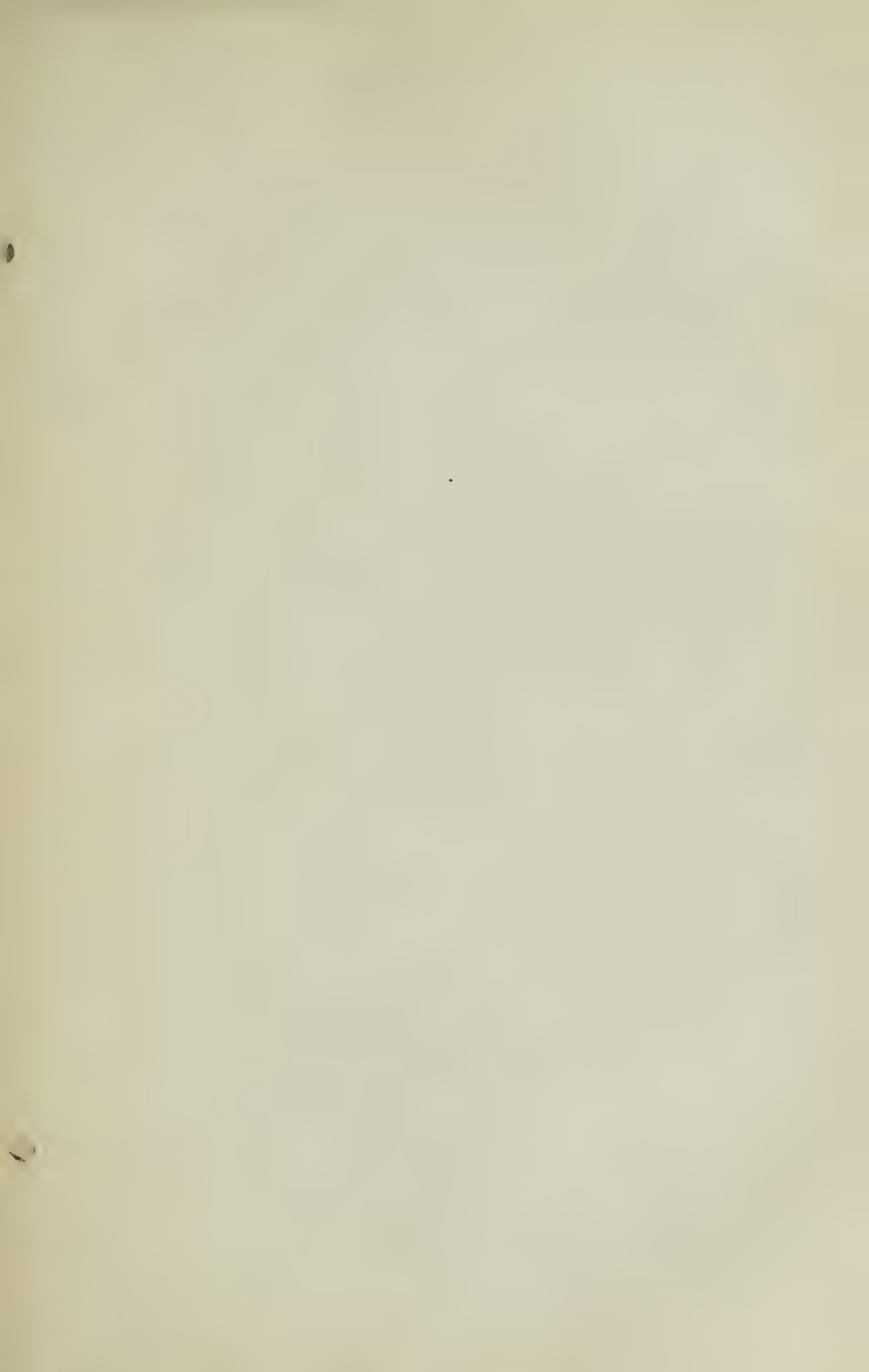
Mr. BENNETT (Simcoe).—I will leave this matter open, I expect Mr. Pratt here next week and we will get Mr. Grant who will be here also, at the same time probably. I will ask that the investigation be adjourned indefinitely for the present.

Mr. FOWLER.—Are you through with Mr. Playfair?

The CHAIRMAN.—Yes.

Mr. BENNETT.—Until we get a further order.

Committee adjourned to meet at the call of the Chair.



EVIDENCE

TAKEN BY THE

PUBLIC ACCOUNTS COMMITTEE

IN CONNECTION WITH

DIAMOND LIGHT AND HEATING CO.,
OF CANADA, LTD., MONTREAL

No. 1—MARCH 27, 1912



OTTAWA

PRINTED BY C. H. PARMELEE, PRINTER TO THE KING'S MOST
EXCELLENT MAJESTY

1912

MINUTES OF EVIDENCE

COMMITTEE ROOM No. 32,

HOUSE OF COMMONS,

WEDNESDAY, March 27, 1912.

The Select Standing Committee on Public Accounts met at eleven o'clock a.m., the Chairman, Mr. Middlebro', presiding.

The Committee proceeded to the consideration of a payment of \$2,086.80 to Diamond Light & Heating Co. of Canada, Ltd., Montreal, in connection with lights, mantles, burners, &c., as set out at page P—96 of the Report of the Auditor General for the fiscal year ended March 31, 1907; a payment of \$11,174.85 to Diamond Light & Heating Co. of Canada, Ltd., Montreal, in connection with light installations, burners, &c., as set out at page O—117-18 of the Report of the Auditor General for the fiscal year ended March 31, 1908; a payment of \$54,050.01 to Diamond Light & Heating Co. of Canada, Ltd., Montreal, in connection with Arctic Oil, &c., as set out at page O—121-122 of the Report of the Auditor General for the fiscal year ended March 31, 1909; a payment of \$12,579.23 to Diamond Light & Heating Co. of Canada, Ltd., Montreal, in connection with bristle brushes, lights, tubing, as set out at page O—94 of the Report of the Auditor General for the fiscal year ended March 31, 1910; a payment of \$9,000 to Diamond Light & Heating Co. of Canada, Ltd., Montreal, in connection with diamond gas vapour installations, as set out at page N—92 of the Report of the Auditor General for the fiscal year ended March 31, 1911.

Mr. CARVELL.—Before you proceed, Mr. Chairman, I hope you will take judicial notice that there is not a quorum present. Having said that I have no further objection to make, I am perfectly willing you should 'see' a quorum, but it may be necessary to refer to the fact later on, because at this late stage of the session it is sometimes very difficult to get a quorum.

The CHAIRMAN.—We have a quorum, I think.

Mr. GERMAN.—If you have a quorum go on; if you haven't you can't, that's all.

Mr. BLAIN.—If there is to be any reference later on by Mr. Carvell to the absence of a quorum, it will be better to secure a quorum before proceeding.

Mr. CARVELL.—I think you had better proceed, Mr. Chairman, I have no objection whatever.

Mr. JAMES R. BAIN, called, sworn and examined.

By Mr. Meighen:

Q. You were, I believe, secretary of the Diamond Light and Heating Company, Limited, Montreal—A. I was, did you say?

Q. Yes, you held that position during what period?—A. I have held that position—I hold it still—for about twelve years.

Mr. BLAIN.—I would like to know, Mr. Chairman, officially, whether there is a quorum or not. I would like you to take notice of that fact officially, it may be important and it may not be important, but I would like to know in view of what Mr. Carvell has said.

The CHAIRMAN.—The Clerk of the Committee will ascertain whether there is a quorum or not. (After consulting Clerk.) There is a quorum here now, I recognize a quorum.

Examination of witness continued by Mr. Meighen:

Q. You are still secretary of the company and have held that position for the past twelve years?—A. Yes.

Q. What is and has been the business of the company, Mr. Bain?—A. Principally the supplying of lighthouse apparatus, commercial work in the nature of lamps in connection with dwellings and stores, but the principal business has been lighthouse apparatus.

Q. Who were the other officers of the company?—A. A president and board of directors with myself as secretary-treasurer.

Q. Who is the president now?—A. Mr. E. G. O'Connor.

Q. Would you give us the names of the directors?—A. Mr. G. A. Pratt, vice-president, Mr. David Anderson, director, Mr. H. Thornton, director, Mr. J. J. White, director.

Q. How long have these officers been in those positions?—A. They were appointed at the last annual meeting on the first Monday in June, 1911.

Q. Previous to that, who were the officers?—A. Mr. R. C. Miller was the president.

Q. And I believe a different board of directors?—A. A different board of directors.

Q. Can you tell me who those directors were?—A. Mr. J. H. Harris, Mr. T. A. Morrison, Mr. Alfred Collyer, Mr. H. J. Johnston.

Q. You have sold goods to the Dominion Government?—A. We have, quite a large amount.

Q. Now, will you tell us what was the amount of your sales for the year ending, we will say, December 31st, 1907?—A. Well, I cannot give you that.

Mr. CARVELL.—Pardon me a moment; the fiscal year would be better—take the fiscal year.

Mr. MEIGHEN.—We would if we could but the company cannot give us that.

The WITNESS.—As soon as I received my summons, which was very late, I tried to compile the information as fast as I could, and I prepared a statement from the books for each of the years ending March, 1907, 1908, 1909, 1910 and 1911.

By Mr. Meighen:

Q. Well, you might give us that, read the statement for the year ending March 31st, first—A. Yes. ~~For the year ending March 31st, 1907, \$2,175.75; for the year~~ 31st, 1907, first.—A. Yes. For the year ending March 31st, 1907, \$2,175.75; for the year ending March, 1908, \$11,383.35; for the year ending March, 1909, \$53,666.42; the year ending March, 1910, \$43,063.97; and for the year ending March, 1911, \$9,006.85. Now, these figures are not just exactly the amounts stated in my summons. The only reason I can give for that is the fact that a few of these items were bought and supplied directly to the Quebec agency and sent out from Cap Des Rosiers and the Montreal agency, but these are the exact amounts in our books for the years called for. That is a total of \$119,276.30 for the years 1907, 8, 9, 10, 11.

Q. The figures as given in the Auditor General's report for the same years would total \$118,890.89?—A. Yes.

Q. That is a difference of about?—A. \$380 or more, the difference which we receive more than is shown in the Auditor General's report.

Q. So that the difference is not material, comparatively?—A. No.

By Mr. Carvell:

Q. What did you say was the total amount according to your books?—A. \$119,276.30.

By Mr. Meighen:

Q. Prior to this you had no business of any consequence with the Dominion Government?—A. Yes, sir, we did considerable business in the year 1903.

Q. Amounting to what?—A. My memory—

Q. I understand it was only about \$500?—A. Oh, no, about \$20,000; well, say \$18,000 to \$20,000.

Q. Business you did with the Dominion Government in the year 1903?—A. From 1903 up till those years for which I have given you the figures.

Q. That is from the date of the incorporation of the Company up to the 31st March, 1906, you did a business totalling?—A. Somewhere between \$18,000 and \$20,000.

By Mr. German:

Q. How much did you say you sold them in 1907?—A. \$2,175.71.

By Mr. Meighen:

Q. What was the date of your incorporation, what year?—A. 1889, I think.

Q. 1889?—A. I think so, but I am not sure, speaking from memory.

Q. Now, there was a very material increase in your business commencing with the year 1908?—A. Yes, sir.

Q. During all those years, Mr. Bain, Mr. R. C. Miller was the president of your company?—A. He was, sir.

Q. And the Board of Directors was composed of those gentlemen you named just now as going out of office last June?—A. Yes.

Q. Can you tell us, Mr. Bain, what the sales constituted, that is to say what was sold to the Government, speaking generally?—A. Well, I also anticipated that question but I did not have time to go fully into details, but I have it in a general way. I have the dates of the shipments and the dates on which the cheques were paid, if that is necessary, but in 1906 that \$2,175. was entirely for general supplies with the exception of two occulting machines which were delivered towards the end of the year. The rest was for general supplies consisting of mantles and the various parts required for the maintenance of the lights.

Q. That is for the first year you have given us?—A. Yes.

Q. Now for the next year?—A. The next year there were a lot of general supplies and there were twenty new complete installations supplied.

Q. That is lamps?

By the Chairman:

Q. For lighthouses?—A. Yes.

By Mr. Meighen:

Q. For installing in lighthouses?—A. Yes, ten of them would cost \$2,540, and ten of the larger ones cost \$4,300.

By Mr. Carvell:

Q. That is what year?—A. In 1908, so that that year the business was increasing because—I might explain that previous to this we had been working for many years to try to supply and to get for the government a light that would meet the requirements, and after years of hard work we succeeded in doing so. We were always told that our lights would be accepted on their merits and on no other terms and we worked very hard to attain success, so that in due course you will see the amounts increasing until such time as the Department recognized that our light was superior in many ways to the others, and that is the reason why our business was increasing. In the year ending 1908 we supplied six occulting machines costing \$15,015.

Q. You mean 1909?—A. Yes, 1909, I beg pardon, and the general supply account was quite large and also the installations were quite large.

By Mr. Meighen:

Q. How many installations?—A. There were sixty complete installations—in 1909 there were 100.

Q. One hundred installations?—A. Yes, sixty in the beginning of the year and forty towards the end.

Q. One hundred complete installations were made on a written contract between your company and the government?—A. The only contract that ever was made.

Q. You might just give the figures for these 100 installations?—A. Well, thirty of them cost \$13,250—I have just put down the total, that is for 25, 35 and 55 mm. lights, I did not go into details, but that is what the thirty of them cost.

By Mr. Carvell:

Q. What would that be for installation? Because I find in the papers that all the prices quoted are on individual lamps for installation?—A. Yes, I said that on account of the short notice I had I did not have time to get all the details and I did not think it was necessary, they run about from \$350 to \$450, I think.

By Mr. Meighen:

Q. I understand that the price at which your 55 mm. was sold was \$500?—A. \$500.

Q. And your 35 mm. at \$450?—A. \$450.

Q. And your 25 mm. at \$300?—A. \$300.

Q. That was based on your contract for these 100 installations in this year?—A. All right.

Q. You should have these figures by you, Mr. Bain?—A. The prices you have given?

Q. Yes?—A. Yes, sir.

Q. I understand that the total of the contract was \$42,500?—A. Yes.

Q. And you obtained that contract on or about the 30th of May, 1908?—A. Yes, sir.

Q. Now was that expenditure for the following year, that large expenditure that you gave us, the sum of \$43,063.97, for installations also?—A. Yes, there were 70 installations, a large number of installations that year.

Q. And similarly for the following year?—A. Yes.

Q. I believe you had some 85?—A. The last item of installations was for 15 at \$600 each.

By Mr. Carvell:

Q. That was in 1909 or 1910?—A. No, sir, that was in 1911.

Q. There were how many?—A. 15.

Q. 15 installations?—A. Of 85 mm. at \$600 each.

By Mr. Meighen:

Q. That comprises the larger part of the sales for last year?—A. Yes, sir.

Q. Did you secure any of this business in response to tenders called for or were the prices simply fixed between you and the department?—A. We had been asked to quote prices on given sizes that were wanted.

Q. But you did not respond to any invitation for public tenders?—A. There could not be because we were the only makers of those goods in the country.

Q. But there are other makers in England and Germany and France?—A. There are.

Q. From whom previously the government had largely purchased such supplies?—A. Yes.

Q. You know of no public tenders being called for either in this or any other country for these goods?—A. No.

Q. Did your company take any step, by resolution, in the year 1908, with a view to increasing the business of the company by means of the payment of commissions?—A. In the year 1907 the directors—well, I do not quite understand you.

Q. I will make it clear. In the year 1907 or 1908 did you take any steps, by resolution of the directors, with a view to increasing the business of the company by payment of commission, and if so, what?—A. The board of directors in 1907 passed a resolution authorizing the president—

By Mr. Carvell:

Q. I suppose you have the resolution there, have you?—A. I have not.

By Mr. Meighen:

Q. You are the secretary of the company?—A. Yes.

By the Chairman:

Q. You know what the resolution was?—A. Well, in 1907 Mr. Miller talked to his directors about the general run of business of the company, and stated that larger orders would be obtained, but it would be necessary to spend money for it. The board passed a resolution authorizing Mr. Miller to expend such money as he deemed necessary for the procuring of business.

Q. Did he explain in what way the money should be spent?—A. No, he just said, in a general way, 'You know it takes a good deal of time and money in getting business.'

Q. A good deal of time?—A. Yes, time and money in getting business. He was speaking in a general way; he did not mention any amount; no one believed it would be any great amount, you know. They had every confidence in Mr. Miller, and said 'All right, we know these things, it costs money.'

Q. What business was this he spoke of? Was it government business or what business?—A. General business.

Q. Well, tell us how much of this style of business you had outside of the government?—A. In this style we did nothing.

Q. You did nothing but government business in connection with the light installation?—A. Oh, we could not do anything.

Q. And that was your main business?—A. Certainly.

Q. In fact was not that your only business?—A. Not the only business.

Q. What other business had you?—A. Commercial lighting.

Q. Can you tell us what amount of business you had outside of the government business in these five years?

The CHAIRMAN.—Outside of the \$119,000.

The WITNESS.—That is all government business. I did not go into the other.

By Mr. Meighen:

Q. Give it to us approximately?—A. During those years it was practically nil. \$5,000, I suppose, will cover it all.

Q. So that all this business that Mr. Miller was anxious to secure was government business?—A. That was understood.

Q. The resolution authorized him to spend such money as necessary?—A. No.

By Mr. German:

Q. There was no amount fixed?—A. No amount fixed.

Q. There was no limit?

By Mr. Meighen:

Q. Can you tell us at what date that resolution was passed?—A. I think it was June, 1907, I could not give the exact date.

By Mr. Meighen

Q. Can you tell us how much money was appropriated by the company in pursuance of that resolution since that date?—A. Well, we are suing—rather we are not suing, but the present directors at the present time have a suit in the courts asking that the late president be compelled to deliver to us a statement of where that money went.

Q. How much money?—A. \$42,000.

Q. Some \$42,000 has been spent to procure this business?

Mr. CARVELL.—No, no, he doesn't dare say that.

By Mr. Meighen:

Q. Well, we will put it this way and perhaps it will have the same effect: some \$42,000 has been spent in pursuance of the authority contained in that resolution?—A. Yes.

Mr. CARVELL.—I just want to make the remark, Mr. Meighen, that the witness does not know that. He can show that \$42,000 has been taken out of the business.

By Mr. German:

Q. \$42,000 has been paid to Mr. Miller under that resolution?—A. That is all I know, I do not know whether it was paid to the government or anybody, and the present directors want to know where it was put.

By the Chairman:

Q. But you understand that it was paid to get government business?—A. To get business.

Q. And the principal business of the company was government business?—A. Lighthouse business.

By Mr. Meighen:

Q. And the rest of the business since that date, as you say, is practically nil. That is correct, is it not?—A. Yes, that is correct.

Q. And the only authority the company had for paying anything to Mr. Miller was the authority you have given us?—A. Yes.

Q. Where is Mr. Miller now?—A. I have no idea.

Mr. GERMAN.—Has he run away?

The CHAIRMAN.—He has been subpoenaed.

By Mr. Meighen:

Q. When did you see him last, Mr. Bain?—A. I haven't seen Mr. Miller since the day the trial ended in Montreal.

Q. Has he entered a defence to the writ served on him?—A. The case was called on March 13.

Q. Will you tell us the exact figures, you are the secretary of the company—of the amount paid to Mr. Miller for the purposes you have stated?—A. \$42,000—I can't give you that either, Mr. Meighen. I can give you from the cheques the sums paid to him.

Q. From whatever source you can give it, will you tell me the exact figures if you have them, please?—A. No, I could not give that without a little figuring, not exactly.

Q. You haven't your books here?—A. No, what I have is all the cheques that I paid to him.

Q. You might add up those cheques?—A. It will take a little time to do so because from time to time I drew little amounts for office expenses when I was making these payments to him. The two were included in the one cheque.

Q. But you could figure it out from the cheques?—A. Yes.

Q. And you say it was some \$42,000 odd?—A. Yes.

Q. And later on, after you have retired from the witness box, you can figure it out, perhaps?—A. Yes, I can.

Q. Did you pay the money by cheque direct to Mr. Miller?—A. I paid it by cheque payable to my own order, I made it out to myself, drew the money and gave the money to him, and he gave me his initials for it on the cash book. That is the only voucher I have.

Q. But the initials are in the cash book?—A. Yes.

Q. Why was not the money paid him by cheque direct?—A. That I cannot say, it was by his orders, by his instructions.

Q. Those were his instructions?—A. Yes.

By Mr. Aikins:

Q. What was the date of that payment?—A. The payments extended over a period of four or five years.

By Mr. Meighen:

Q. Would you tell us the amount of government business that you have received since that resolution passed? You can tell that from the figures you have already given?—A. Since that resolution?

By the Chairman:

Q. That was passed in the year 1907—the year in which the business was \$2,000.

By Mr. Meighen:

Q. I want the amount of business you have secured since that?—A. It would be all except the \$2,175.

Q. That is to say it would be \$117,100.59. Those are the right figures, are they not?—A. Yes.

Q. And in order to procure that you state that some \$42,000 was paid in pursuance of that resolution of June?—A. Yes.

Q. That was what you paid for the business secured?—A. Yes.

Q. Have you any knowledge, Mr. Bain, of where this money went to after it reached Mr. Miller's hands?—A. Absolutely no knowledge.

Q. He never stated to you where it went?—A. He never stated to me where it went.

Q. You never have had any knowledge as to that?—A. I never had any knowledge.

Q. And you say that the business you got, outside the government business, since the date of that resolution is practically nil?—A. Well, of course, I do not want to say that we are not doing anything, but that is what we were looking for.

By the Chairman:

Q. It would be less than 4 per cent of the whole business?—A. Yes. I do not want to make anything other than a truthful reference, but we are developing the lighthouse business.

By Mr. Meighen:

Q. Do you have anything to do yourself with any of the government officials or with the ministers?—A. Yes, I had quite considerable to do with them.

Q. Who were the government officials that you have to do with reference to the purchasing?—A. We commenced to do business with the government in 1903, and practically from 1903 to 1906 there was, I suppose, about \$18,000 to \$20,000 of busi-

ness obtained from the government and I was, I suppose I may say, practically instrumental in getting that business myself, that is through interviews with the officials. They would ask the prices of certain things and I was, very often, up at Ottawa and would meet at that time Colonel Gourdeau, the deputy minister, and then Colonel Anderson, and the Hon. Mr. Brodeur.

Q. And Mr. Noble?—A. Yes, Mr. Noble, in fact I might tell you that Mr. Noble was the man who was instrumental in introducing that light.

Q. These were the officials up to 1906?—A. Up to 1906.

By Mr. Carvell:

Q. Mr. Fraser?—A. And Mr. Fraser—I hadn't a great deal to do with him because Mr. Miller took it in hand later on.

By Mr. Meighen:

Q. Who was the minister you dealt with at that time?—A. The Hon. Mr. Brodeur.

Q. In fact that was the minister you dealt with, and since that time you gave up the handling of this business to Mr. Miller?—A. Yes, and remember that at that time that amount of business was got on its merits, entirely, in a straightforward business way.

Q. That is during the time you got it?—A. That is what I speak of.

Q. Previous to the passage of the resolution?—A. Previous to the resolution.

Q. But there was not much got?—A. There was \$20,000 worth got and it was at the beginning of the business, but we were establishing the merits of our light.

Q. Exactly, and you passed a resolution to more fully establish the merits?—A. No, but to get more business.

Q. Tell us with what other officers, since the resolution was passed, you dealt yourself?—A. Mr. McPhail, the commissioner of lights and Mr. Doutre, the purchasing agent.

Q. Have you had to do personally with Mr. Doutre?—A. Very much.

Q. In fact Mr. Doutre, the purchasing agent is the chief officer of this government?—A. Yes.

Q. And his consent has to be obtained in all cases before you can sell goods to the government?—A. Yes.

By Mr. Sinclair:

Q. Were the prices about the same in this early stage of the business?—A. Much about the same, there is not any very great increase, except in certain lines.

Q. After spending this large amount of money to get business you did not increase the price?—A. No, in some instances we rather lowered it, but it was much about the same.

By Mr. Meighen:

Q. Will you say that prices were not increased subsequent to the resolutions of June, 1907?—A. I am talking from memory.

Q. Will you look at this letter (Document handed to witness)?—A. I remember writing one letter to the government, I wrote up to ~~the~~ minister stating that owing to the increase in the cost of labour and material certain prices would have to be increased. stet

Q. That was after the resolution?—A. Yes.

Q. And as a matter of fact you increased all these installations \$50 a piece.—A. Yes, it said increase of wages and material.

Q. And subsequently you reduced some of them \$25 a piece.

By Mr. Baker:

Q. The general scale was raised \$50 per light, and it was afterwards reduced \$25?—A. The scale?

Q. The scale of prices was increased \$50 per light.

Mr. CARVELL.—That is the offer to the government was increased \$50 and then it was reduced \$25.

By the Chairman:

Q. It is true, is it not, that you asked \$50 more first of all?—A. Yes.

Q. And is it true that afterwards you subsequently reduced it by \$25?—A. I could not say that from memory. If there is a letter there it will show.

By Mr. Meighen:

Q. Your contract of the 18th of June, 1908, was made after the increase had gone into effect and before any reduction, was it not?—A. I believe it was.

Q. I will give you a copy of the contract and ask you to state definitely. (Contract handed to witness.)—A. Yes, it was.

Q. That was the first business you got after the \$50 rise on each installation?—A. Yes.

Q. And you got a contract for 100 installations, 55 m.m. at \$500, and 35 m.m. at \$450, and 25 m.m. at \$300?—A. You must remember that I had nothing to do with the making of that contract.

Q. No, I do not desire to imply that at all.

By the Chairman:

Q. What difference does that make?—A. I cannot give you such information upon what was done, because I did not make the contract. m

By Mr. Meighen:

Q. But you know what the contract says?—A. Certainly.

Q. Now, that was a contract for 100 installations, the largest contract by far you had ever received?—A. Yes.

Q. And you also received \$50 more for each installation than you ever got before?—A. Yes.

Q. Who signed the contract on behalf of the company?—A. Mr. Miller, I believe.

Q. And who signed on behalf of the government?—A. Hon. Mr. Brodeur.

Q. The Minister of Marine and Fisheries at the time?—A. Yes.

By the Chairman:

Q. What total difference will that make as compared with the former prices?

By Mr. Meighen:

Q. That would make a difference of \$5,000 over the former price you received?—A. Yes, on the hundred lights.

By Mr. Sharpe (Ontario):

Q. Were those payments never submitted to that board of directors?—A. Which payment?

Q. The payments to Mr. Miller for doing this business?—A. The payments to Mr. Miller—I do not understand.

By Mr. Meighen:

Q. What Mr. Sharpe means is this did you submit to the board of directors the payments to Mr. Miller?—A. No, I did not, that never was done.

By Mr. Sharpe:

Q. You had to submit an annual statement?—A. Every year.

Q. And the shareholders knew what was being paid to Mr. Miller to procure this government business?—A. No, they did not, unless he told them personally.

Q. How did you conceal it from them, under what head was it?—A. Sundries.

By Mr. Meighen:

Q. It was under the head 'sundries' in the statement to the directors?—A. Yes.

Q. Did Mr. Miller in his statement to the board of directors make any intimation at all as to who got this money?—A. Never in my presence.

Q. Can you tell us, Mr. Bain, who is this Mr. Harris, who you told us was a director before?—A. He is a manufacturer in Montreal.

Q. Manufacturer of what?—A. He makes that Harris excavator. He is a contractor, plumber and steamfitter, I believe.

Q. I believe Mr. Miller himself has an oil company?—A. Yes, sir.

Q. Do you know whether or not his oil was utilized in connection with this installation?—A. Oh, no.

Q. What company is his oil company?—A. The R. C. Miller Oil and Supply Company.

Q. Can you tell us who Mr. Morrison is?—A. He is an agent in Montreal, principally in bricks and implements in connection with building.

Q. And Mr. Collyer, who is he?—A. He is in the electric business. He used to be a partner in ~~Dick & Collyer~~.

Q. And Mr. Johnston?—A. He is a retired old gentleman, at present superintendent, vice-president or something in the Confederation Life.

Q. Now, Mr. Bain, will you tell us, please, since the date of that resolution, what dividends has your company been able to pay, notwithstanding the large amount necessary to secure the business?—A. They paid two dividends of 3 per cent and one of 6 per cent, amounting to 12 per cent altogether.

Q. You mean annually?—A. No, that is all we have paid.

Q. Now, will you tell us the amount of stock that dividend was paid on?—A. On \$142,000.

Q. On \$142,000 worth of stock they paid, in the year 1908, what dividend?—A. I wish I had been informed that you would bring this question up, and I would willingly have brought all the information.

Q. Just as nearly as you can tell, in the year 1908, that would be the fourth last year?—A. I think it was about \$6,000, if I remember aright, each dividend amounted to.

Q. We will speak of last year, 1911. What was the dividend declared last year?—A. There was nothing.

Q. Last year they only got some \$9,000 of business?—A. Yes.

Q. What was the dividend declared the year before?—A. It was 6 per cent dividend, amounting to somewhere about \$6,000.

Q. That would be for 1910?—A. 1910, yes.

Q. In 1909 what was the dividend paid?—A. The same, about the same.

Q. Six per cent?—A. Six per cent.

Q. And for 1908?—A. Well, there was one at 6 and two at 3 per cent.

Q. You have given us two at 6 already?—A. I have given you two. You asked then for last years.

Q. There were two at six and one at three?—A. No, one at six and two at three.

Q. But you have given us two at six already.—A. That includes the two others.

Q. So that the only time you were able to pay 6 per cent was when you got this large amount?—A. Yes.

Q. Can you tell us whether anything was carried to reserve or not?—A. No, nothing.

Q. Was that \$142,000 stock subscribed in cash?—A. I believe it was.

Q. Do you know yourself?—A. I cannot say, because it was largely subscribed before I was there; personally I do not know.

Q. It is chiefly patents, is it not, on these lights?—A. Yes.

By the Chairman:

Q. You paid bonuses?—A. Yes, we paid bonuses.

By Mr. Meighen:

Q. What bonuses were paid?—A. Well, Mr. Miller was President for a number of years without any remuneration and when things commenced to improve and the business became pretty good, the directors thought, as he had been working so long and so hard, they decided to vote him a bonuses of \$1,000.

By the Chairman:

Q. What year was that?—A. 1908, I think.

By Mr. Meighen:

Q. Any other bonus?—A. And then the bonus of \$50 as one of the directors.

Q. Each director drew that annually?—A. Not annually, they got it in, I think, 1908 and 1909.

Q. During the best years?—A. Yes, when the business was quite bright.

By the Chairman:

Q. Did Mr. Miller get any other salary?—A. This bonus of \$1,000 was for work he had done and at the same meeting he was appointed Managing-Director at a salary of \$2,000.

Q. So that when you spoke of the time Mr. Miller spent in getting these contracts, he was getting \$2,000 a year for that?—A. Yes.

By Mr. Meighen:

Q. Did you have any conversation, since the resolution was passed in June, 1907, with government officials, yourself, to try and get this business?—A. Yes.

Q. With whom?—A. With Mr. McPhail and Mr. Doutre.

Q. They have been the principal officers?—A. The only ones I have had anything to do with.

Q. And, as you say, Mr. Doutre was the chief official of the department?—A. Well, I do not know, I would not say that; I know that when we get an order he is the last man whose hands it goes through, so that no matter what Mr. McPhail says, unless Mr. Doutre gives the order, we do not count on it until we get it.

Q. Were you aware that in November, 1905, your lights were reported on unfavourably by the Department?—A. I never heard of it.

Q. You never knew that?—A. I never knew it.

Q. I will show you a copy of a letter written by Mr. W. H. Noble, dated 18th November, 1905, which you might read (Document handed to witness).—A. (reads).

MEMORANDUM.

"Re Diamond Gas Petroleum Vapour Incandescent Light."

"This light was first brought to the attention of the Department some three years ago as it was fully expected that good results might be obtained from it in the improvement of lighthouse illumination.

Many experiments and tests have from that time been tried up till to-day with this light, and with the exception of the smaller class it is however, to be admitted that the light is not a success, in as much as it is not thoroughly reliable when placed in the hands of our keepers and it required constant attention as it is likely to break down at any moment, and the risk of such happening is too great to place it in our important lighthouses. It has not yet proved whether it is proof against failure in extreme cold weather.

The smaller size of lamp is in operation in several of our less important lights and in these results are not satisfactory.

This decision is arrived at after a full and fair trial of this class of light, for as heretofore mentioned, great things were expected of it which for lighthouse purposes at important stations has not been a success to recommend any extension of this system of illumination.

(Signed) W. H. NOBLE.

(Sgd) R. P.
Ottawa, 18th Nov. 1905."

Mr. CARVELL: I suppose there will be no objection to put alongside the letter which has just been read, Mr. Noble's letter of February 15th, 1908. You would not have any objection to that, Mr. Meighen?

By Mr. Carvell:

Q. Will you please read that letter? (Document handed to witness.)—A. (Reads):

MEMORANDUM RE DIAMOND PETROLEUM VAPOUR LAMPS.

'The attention of the undersigned has been called by the Commissioner of Lights to memorandum of the 18th November, 1905, in which the report is unfavourable to this lamp.

'Since that date a very great improvement has been made in the lamp, which is now at least equal if not superior to any other petroleum vapour light in use in any other country, and which to-day is giving in our Canadian service as good results if not better than the Chance lamps and is vastly superior to the French burners.

'The consensus of opinion of the apparatus erectors who instruct the keepers in the management of these lamps is in favour of the Diamond light as being more simple in its management by our keepers and being less expensive in the maintenance of spare parts and general upkeep. The experience of comparative failure as reported in the former memorandum is only what has occurred in similar experiments in countries introducing this class of light.

'The Diamond Gas Company are to be congratulated on their perseverance and their success in their lamp as it is to-day.

(Sgd.) W. H. NOBLE.

'OTTAWA, Feb. 15, 1908.'

I know, that is what we have always contended.

By Mr. Meighen:

Q. There is a very hopeful tone in that letter?—A. More than tone, it is true.

By Mr. Baker:

Q. The same light is referred to in both those letters?—A. Yes.

Q. And that is your light?—A. Yes, that is our light.

By the Chairman:

Q. His first report is before the resolution of the Board of Directors was passed authorizing the expenditure of money to secure the contract?—A. The resolution was passed in 1907.

Q. So that the first report was before the resolution?—A. Yes.

Q. And the last report was after the resolution?—A. Yes.

(Debate followed.)

The WITNESS.—On that subject, Mr. Chairman, supporting that statement on the merits of this light—now I can see the drift, how things are going. With respect to the merits of this light I would just like to say a word or two to show that there is truth in what Mr. Noble says there. I went home last summer and interviewed the Northern Lighthouse Board of Scotland, who ever since they were instituted have, I believe, been supplied by the French and English light makers, Matthews and Chance Bros. I got leave to show them our light. I took one over with me and obtained permission to give it a fair test. The commissioners said, 'We cannot give you any definite answer unless you give us a fair trial, a good test.' I replied that their suggestion was quite reasonable, and asked what time they would require for the test. 'Not less than a month,' was the reply.

By Mr. Meighen:

Q. With whom were you talking?—A. With Mr. Stevenson, of the Northern Lighthouse Board of Scotland, the most conservative and the oldest established lighthouse board in the world.

The CHAIRMAN.—That might be a reason why such a resolution should not be passed.

The WITNESS.—The lamp was put on record at Girdleness station, Aberdeen, and burnt there. I lit it myself with the aid of one of the lightkeepers, and it never went out for thirty-one days, and the report is, they found that it is in every way superior to the Chance light. So far they had been purchasing from that firm, but to-day that is the position our light occupies on its merits, without any letter writing or interviewing or anything of that kind.

By the Chairman:

Q. Then you say that first report made by this man Noble was not correct, that it was not true when he said those lights were not giving satisfaction?—A. I want to say that we have always been led to believe that they were right, but at first they were not complete.

By Mr. Meighen:

Q. You were surprised to hear the contents of that letter?—A. Yes, sir, I was, very much.

Q. Will you look at these cheques, and we will mark them for purposes of identification, commencing with the first cheque, dated June 22, 1908, for \$522, payable to James R. Bain, that is yourself?—A. That is myself.

Q. On the Imperial Bank at Montreal, and it is endorsed by yourself only?—A. Yes, sir.

Q. And beneath your endorsement are the words—A. Secretary treasurer.

Q. And underneath are the figures, 5 x 100, 2 x 10, and 1 x 2. Those are not your figures?—A. They are made by the bank teller. I may state that those figures are always there to show what bills Mr. Miller asked me to bring him.

Q. That is according to Mr. Miller's instructions?—A. When you see the bills marked on the back, those are the bills that I was told to get.

By Mr. Carvell:

Q. You put a memo. on the cheque for the teller when you were getting the cheques cashed?—A. Sometimes I marked it. I lifted one here on which I have done it.

By Mr. Meighen:

Q. You did as Mr. Miller instructed you?—A. Yes.

Q. And on the face of the cheque is marked 'Agents, \$500'?—A. Yes.

Q. That means what?—A. That means that at the time when this money was drawn, this was the first one, it was in 1908, I asked Mr. Miller, 'What account am I going to put this to?' 'Well,' he said, 'Open up an account and make it 'Agents' expenses.' I replied, 'All right,' and I opened up an account in my ledger to 'Agents' Expenses,' and that was just a memorandum showing what account the \$500 was to be charged to.

Q. Whose writing is it?—A. That is my own, just to show what account it was to be charged to.

Q. How do you account for the difference between the face of the cheque, \$522, and the \$500 which was charged to 'Agents' Expenses'?—A. Well, this \$22 I suppose I got at the same time for petty cash, the other was for Agents Expenses.

Q. Then take a look at Exhibit 'B,' a cheque dated August 4, 1908, by the company in favour of yourself, \$1,050?—A. \$1,050, \$1,000 for agents' expenses, and \$50 expenses.

Q. \$1,000 for agents' expenses in pencil?—A. Yes.

Q. And on the back of this cheque is 10 x 100 and 5 x 10, showing the denominations of the bills?—A. Yes, sir.

Q. Then I ask you to identify Exhibit 'C,' a cheque dated September 9, 1908, in favour of yourself, from the company for \$1,889.17?—A. Yes, sir.

Q. And it is marked on the face in pencil in your handwriting, 'Agents' Expenses, \$1,500.'—A. Yes, sir.

Q. Now how do you account for the \$389.17?—A. Well, I wish I had my book and I would show you how it was made up. From memory, I think it went for my rent; it could be shown from my cash book, but I think that amount is for my rent.

By the Chairman:

Q. The rent of your office?—A. The rent of the office, and my people's wages on Saturday.

By Mr. Meighen:

Q. How can you account for the difference between the agents' expenses and the amount of the cheque?—A. It shows there must have been some accounts I was paying at the time, and I required that amount. I had \$1,500 to give Mr. Miller, and I had other accounts to pay, so that instead of drawing four or five cheques I put it all in one, that had to come to myself anyway.

Q. Your books would show where that went to?—A. Where every cent went.

Q. And on the back of the cheque are the figures 3 x 500, 20 x 10, 30 x 5, and 39 x 1, showing how you got the money.—A. Yes.

Q. Then I ask you to look at Exhibit 'D,' a cheque dated September 19, 1908, for \$1,553.55?—A. Yes, sir.

Q. And on the face of that are the words 'Agents' Expenses, \$1,500'?—A. Yes, sir.

Q. The \$53.55 was for some other purpose?—A. Office expenses.

Q. Then on the back of the cheque are the figures 1 x 1,000, 1 x 500, 53 x 1, and silver 55 cents?—A. Yes.

Q. Exhibit 'E' is a cheque dated October 2, 1908, for \$2,616.66?—A. Yes, sir.

Q. From the company to yourself, and on the face of the cheque are these figures 'Agents' Expenses, \$2,500; rent, \$116.66'?—A. Yes, that is just what I say. I was making the one cheque cover two payments.

Q. That shows what that went for. On the back there are the figures, 5 x 500, 1 x 100, 10 x 10, 1 x 5, 1 x 1, and 66 cents, showing that you drew the money instead of giving cheques?—A. Yes.

Q. Exhibit 'F' is a cheque dated April 2, 1910, for \$3,047.50; what is the amount of the agents' expenses there?—A. \$2,987.50.

Q. That was for the account 'Agents' Expenses'?—A. Yes, agents expenses.

Q. And the balance was just petty cash or for some other purpose?—A. Yes.

Q. And on the back of that are the figures 2 x 1,000, 9 x 100, 10 x 10, 8 x 50, 7 x 1, and silver?—A. Yes.

Q. The next cheque is Exhibit 'G,' on December 12, 1910, from the company to yourself, for \$1,225, and the figures 'Agents' Expenses, \$1,201' is it, or '\$1,200'?—A. \$1,201.

Q. And on the back are the figures 2 x 500 2 x 100, 2 x 10, and 1 x 5?—A. Yes.

Q. Exhibit 'H' is a cheque dated October 15, 1908, in your own favour, for \$3,500, all agents' expenses?—A. All agents' expenses.

Q. He was as expensive as ever then?—A. More so.

Q. And on the back are the figures 7 x 500?—A. Seven times five hundred.

Q. And then Exhibit 'I' is a cheque dated October 29, 1908, all agents' expenses, \$2,000?—A. All agents' expenses.

Q. And on the back, 3 x 5 and 5 x 100?—A. Yes.

Q. Exhibit 'J,' cheque dated January 30, 1909, in favour of yourself, \$3,000, all agents' expenses?—A. Yes, sir.

Q. Marked on the back 6 x 500?—A. Yes.

Q. Exhibit 'K,' March 30, 1909, a cheque in favour of yourself, \$1,500, all agents' expenses?—A. Yes, sir.

Q. And on the back, 3 x 1,000, 2 x 500, 8 x 50, 9 x 10, and 5 x 2?—A. Yes.

Q. Then Exhibit 'L,' dated July 14, 1909 is a cheque for \$1,025, all agents' expenses, and on the back, 2 x 500, 2 x 10 and 1 x 5?—A. Yes.

Q. Exhibit 'M,' is a cheque, August 22, 1909, \$2,525 in favour of yourself, all agents' expenses, and on the back, 1 x 1,000 2 x 500, 5 x 100, 2 x 10, and 1 x 5?—A. Yes.

Q. Exhibit 'N' is a cheque dated September 17, 1909, in favour of yourself, \$500, all 'Agents' Expenses,' and on the back 9 x 50 and 5 x 10?—A. Yes.

Q. And Exhibit 'O,' dated October 1, 1909, is a cheque in favour of yourself, \$2,262.50, all 'Agents' Expenses,' and on the back, 2 x 1,000, 2 x 100, 1 x 50 and 12?—A. Yes.

Q. Exhibit 'P,' November 1, 1909, is a cheque for \$1,300, all 'Agents' Expenses,' and on the back, 2 x 500, 3 x 100?—A. Yes.

Q. Exhibit 'Q,' 30th November, 1909, is a cheque in favour of yourself for \$201, all 'Agents' Expenses,' and on the back 4 x 50 and 1 x 1?—A. Yes.

Q. Exhibit 'R' is a cheque dated January 25, 1910, for \$2,000, all 'Agents' Expenses,' and on the back 4 x 500?—A. Yes.

Q. Exhibit 'S,' cheque February 1, 1910, in favour of yourself, \$325, all 'Agents' Expenses,' and on the back 3 x 100, 5 x 5?—A. Yes.

Q. Exhibit 'T' is a cheque dated February 2, 1910, all 'Agents' Expenses,' for \$550, and on the back 1 x 500 and 5 x 10?—A. Yes.

Q. And Exhibit 'U,' cheque dated March 4, 1910, for \$300, all 'Agents' Expenses,' and on the back 3 x 100?—A. Yes.

Q. Exhibit 'V,' cheque March 24, 1910, for \$250, all 'Agents' Expenses,' and on the back 4 x 50 and 5 x 10?—A. Yes.

Q. Exhibit 'W,' cheque March 14, 1910, \$610, 'Agents' Expenses,' \$600 only, and on the back 6 x 100 and 10 x 1?—A. Yes.

Q. Exhibit 'X,' cheque April 19, 1910, \$2,750, all 'Agents' Expenses,' and on the back 2 x 1,000 and 15 x 50?—A. Yes.

Q. Exhibit 'Y,' cheque February 16, 1911, \$2,250, all 'Agents' Expenses,' and on the back 3 x 500, 7 x 100 and 1 x 50?—A. Yes.

Q. Did you never protest to Mr. Miller at the tremendous size of this Agents' Expense Account, Mr. Bain?—A. No, sir.

Q. You never said anything?—A. No, sir.

Q. Where was Mr. Miller all this time, in Montreal?—A. Yes.

Q. And I suppose occasionally he would come to Ottawa?—A. Oh, yes, always paid travelling expenses when he came to Ottawa, and he gave me a voucher

Q. Was he paid his travelling expenses for coming to Ottawa?—A. He was when he came back.

Q. That is in addition to the Agent's Expenses?—A. I received a voucher for anything of that nature, I simply have his initials on the books for the Agents' Expenses.

Q. That is the only class of money which you paid out for which you never received a voucher?—A. The only class of payment.

Q. You have just his initials on the books?—A. Yes.

Q. But all expenses of travelling and the like of that he was paid besides, and he handed you a voucher for it?—A. Yes.

Q. Can you tell us, Mr. Bain, how it happened, be frank with the committee, that for a time there you always drew out, no doubt by instructions, a different sum, an increased sum over the Agents' Expenses, and then it ceased and the amount of the cheque was the amount charged to the Agents' Expenses?—A. There is absolutely nothing, no connivance, Mr. Chairman, that's just an occurrence, and I am responsible for it. He told me to draw an amount for Agents' Expenses, and if I had three or four other accounts to pay at that time I put it all in one cheque and drew the money, there is absolutely nothing there.

By Mr. German:

Q. And your books show what became of that extra amount?—A. Yes, sir, that is what I say, I am sorry I have not the books here.

By Mr. Meighen:

Q. You would draw all those large sums of money in Imperial Bank bills?—A. Every one of them.

Q. You received them out of the Imperial Bank?—A. Yes.

Q. Did you keep any memorandum of the numbers of those bills?—A. Oh, no, I just went to the bank, brought the money back and handed it over, and I never thought of anything.

Q. Well, tell us why you didn't ask Mr. Miller for a voucher for this expenditure?—A. I did ask him for a voucher, to follow the usual procedure for travelling expenses, and Mr. Miller is a very strong man, very strong, and I was only in his employ as secretary treasurer and I followed out his instructions, I had to.

Q. He refused to give you a voucher?—A. Well, he did not refuse, but at the very commencement of the matter I had made out a voucher, in fact, but he said, 'Oh well, it is no use, you enter it in the cash book and I will initial it.' I replied 'You impressed upon me the necessity of always having a voucher for everything,' and he said 'This will cover you, you have your authorization from the Board of Directors to pay the money,' and, of course, I was perfectly safe in having his initials when he said there was no need to make out a voucher for it.

Q. Did Mr. Miller make any remark to you, at any time, as to how expensive those fellows were to do the business with?—A. Well, once or twice he said—when I went in I used to draw a long face at the amount of the Agents' Expense account—and sometimes he would say 'Well, Mr. Bain, it costs money to get business.' That is about all, in a general way.

By the Chairman:

Q. What costs money?—A. To get business.

By Mr. Meighen:

Q. You drew a long face several times at the size of the cheques?—A. Yes.

Q. When you had to draw a long cheque your face became long, too?—A. Yes, I had a long face, too.

By Mr. Bennett:

Q. When he said those fellows cost money to do business with did he give any names?—A. No, he never gave any names.

By Mr. German:

Q. Tell us how often in each year you had contracts? In 1908, 1909 and 1910, would one contract cover all the goods you supplied for the year, or did you have several contracts?—A. If I remember aright we only made one written contract with the Dominion government all the time we were doing business with them.

Q. That was the heavy year?—A. 1908.

Q. And then you supplied them after that at the same prices as mentioned in that contract?—A. Yes.

Q. How often did you get orders?—A. I could not tell you how often we received them, there was only one contract, but as they wanted supplies they would write down and say that they wanted mantles or whatever the article was—

By Mr. Meighen:

Q. There was only one written contract, but you sold to them repeatedly.

By Mr. Ames:

Q. But you had two agreements providing that in each case they would take at least one hundred lights in a given year?—A. I think there was an agreement that they should take 100 lights within a given time.

Q. That was the case twice. The first agreement was for 25, 35 and 50?—A. No, 25, 35 and 55.

Q. You had an agreement to take 100 in one year?—A. Yes.

Q. And then you had a contract to take another hundred in another year?—A. Yes, that was in 1911.

By Mr. Carvell:

Q. And then in 1909, I think, I have been looking over the papers, you wanted an arrangement that the department would buy a certain amount, and would buy all their goods from you, and the department refused to accept that?—A. Yes, I remember that.

Q. And the company offered to make a reduction of 10 per cent but the department refused to bind themselves to anything?—A. Yes.

MR. AMES.—If you will turn, Mr. Carvell, to January 11, 1907, you will find the first recommendation for 20 lights, and then if you turn to the 30th of March, 1908, you will find the authorization for 100 lights.

MR. CARVELL.—That is right.

MR. AMES.—Then if you turn to the 18th of June, 1908, you will find a contract.

MR. CARVELL.—That is the same transaction.

MR. AMES.—No, there are two different transactions.

By Mr. German:

Q. What do you say about that, were those two different transactions, or one embodying 100 lights?—A. I could not say from memory.

MR. CARVELL.—You will find in June, 1908, the contract based upon this transaction.

Mr. AMES.—There were two orders for 100 lights.

Mr. CARVELL.—Then we haven't come to the second one.

The WITNESS.—I do not think there are two straight orders for 200 lights, I am almost positive; it was conducted by correspondence and I do not think there was an order for 200 lights.

Mr. AMES.—You will find that on the 29th April, 1909, Mr. C. Doutre mails an order.

The WITNESS.—Then the contract is separate.

Mr. AMES.—The contract is a different thing from that.

By Mr. German:

Q. You spoke about notifying the department that you could not supply this material as cheaply as you had been doing it on account of the increased cost of labour and material. Had there been an increase in the prices paid for labour and material that went into the manufacture of those goods?—A. Yes, sir, labour and material had increased when that letter was written.

Q. To what extent had it increased?—A. Not a very great deal, I suppose, but it had increased.

Q. It had increased?—A. Oh, yes.

Q. Had it increased perceptibly?—A. Yes. You see in order to hold that business we had to keep our experts on hand all the time because it was not the ordinary mechanic that could be employed at this kind of work so you had to keep them on, and if for five or six months no orders came, we had still to keep them on, and it was natural that the men, knowing it was government work and that we could not get other suitable men when we wanted them, wanted higher wages.

Q. When did you first begin to manufacture these lights?—A. We commenced in 1903.

Q. And it was in 1905 Mr. Noble wrote his first letter that has been put in here?—A. 1905 was the date of the letter.

Q. And during all that time you had your lights operating and were experimenting?—A. Well, in 1903 we had no idea of lighthouse work whatever. It was Mr. Noble who saw one of our lights burning in the window and came in and said it looked to be a fine light, it was the only thing he had ever seen in petroleum light, and he was surprised when he found it was such. He told me that he had always had an idea that it could be made applicable to the lighthouse service.

Q. That was in 1903?—A. Yes, 1902 or 1903—1903. We commenced from that date to experiment. I said to him that I could not tell whether we could make it suitable for lighthouse work or not, but that if he thought there was anything in it we would have our superintendent go into it with him. He did so, and it was very successful. Then Colonel Anderson, who was then the chief engineer of the department came down, after we had been experimenting for months, to see how we had got on, and he found it very, very satisfactory, and sent a memorandum right up to the minister, that it was eminently satisfactory. From that day to this we have been improving.

Q. I was just going to ask you that. You have been improving and experimenting all the time.—A. All the time. Of course, in the first years it was not anything like the light that it is now. The fixtures are very much stronger and are made so that the average keeper can handle them with ease.

Q. You have it now working perfectly, so that it answers for itself?—A. Of course. This letter of Mr. Noble very much surprised me. It was the first I had ever heard about it; I had always heard that it was the best and most efficient light, I was told that by everyone in the Service, and that was borne out by the experience in the old country and its acceptance by the Scottish Board.

By Mr. Meighen:

Q. That letter of Mr. Noble was a very great surprise to you?—A. It was a very great surprise, but at the same time you must remember that he had always kept at us saying, 'You must improve, it is not what it should be.'

By Mr. German:

Q. How does your price compare with the price in the old country?—A. I have to meet the price of our competitors at every point and I have always understood when we did meet them here that we were the lowest.

Q. You understand that you have been able to produce them and supply them to the Government at prices as low as they can be procured from the other side?—A. That is my plea.

Q. Where are these lights manufactured in the old country?—A. At Chance Bros. in Liverpool.

Q. And where in France?—A. And the Matthews lights—I do not know really where they are manufactured in France.

Q. They are similar lights?—A. Well, the others are much more complicated, both the Chance light and the Matthews light, in fact the Matthews light is practically discarded, it is very complicated. The Chance light is much simpler, very much like ours, and can be operated by the average lightkeeper.

Q. Are those the only two places in Europe where this style of light is made?—A. I believe so, that is all I know.

Mr. CLARKE (Bruce).—Were tenders called for these lights?

By Mr. Meighen:

Q. You drew no inference from the fact that it was necessary to spend so much money to get the government to buy such a good light?—A. I never had to spend any money for it.

By Mr. Edwards:

Q. Have you charged up anything in your agents' account there for securing the sale of the lights which were disposed of in the old country?—A. No, sir.

Q. In that case the light was sold strictly on its merits?—A. Strictly on its merits.

Q. This agents' expense account was only opened since the commencement of the large sales to the Government?—A. Yes, that is the only customer, and there has not been any entry made in the expense account since the present Board of Directors asked me to close it, it is closed.

By Mr. German:

Q. Where is Mr Miller?—A. I do not know.

Q. When did he cease to be president?—A. In June, 1911.

Q. Have you issued a writ against him?—A. No, I wrote him—

By the Chairman:

Q. In the Montreal courts?—A. Oh yes, yes, asking that he be compelled to give us an accounting of this money.

Q. To what place did you write him?—A. Montreal, at his place of business.

Q. You have had a trial?—Yes, and we are waiting expecting judgment this week.

By Mr. Carvell:

Q. What you are seeking is an accounting?—A. Yes.

By Mr. German:

Q. Did he gave evidence in the trial?—A. Yes.

Q. Did he refuse to account?—A. He did.

Q. He did not say what he spent it on?—A. He said it was spent legally; the judge himself questioned him very very strongly and at the end of his evidence Mr. Miller admitted that no member of parliament, no government official, or no minister or anything of that nature had received one dollar of this money, yet he said that it was all spent legally. That is why we want to know where it went to.

By Mr. German:

Q. It would not have been spent legally if it had come to any Government officials or members of Parliament?—A. He said it did not go to them.

Q. Has he any property?—A. He bought a sawmill in the year 1908 or 1909, and gave about \$30,000, or \$35,000, I understand, for it. I know that he bought that.

Q. Is he in Montreal now?—A. He is in Montreal in business for himself.

Mr. GERMAN.—Are you going to subpoena him?

Mr. MEIGHEN.—We have summoned him.

By Mr. Meighen:

Q. Mr. Bain, just as a matter of formality, I have, dated the 27th April, 1908, contract for 100 lights in that year and I would ask you to identify the date. Then on the 16th of April, 1909, there is a contract for another 100 lights. Will you look and see if that is the correct date?—A. Yes, sir.

Q. That would be the date of that contract?—A. Yes.

Mr. DOUTRE.—This was prior to my connection with the department and I would like to ask a question, Mr. Bain, in connection with Mr. Noble's first report, made, I think, in 1905, in which he reported against the lights, there was a subsequent report from him in 1908 in which he practically overcame his first report; now, what I want to ask is had any improvements been effected in your light during that period of three years?—A. Undoubtedly, important improvements had been made.

Witness retired.

Mr. R. C. MILLER, called by the clerk three times, did not respond.

Mr. MEIGHEN.—I will call Mr. Howe to give evidence whether or not Mr. Miller has been duly summoned.

THOS. S. HOWE, called, sworn and examined.

By Mr. Meighen:

Q. Mr. Howe, you are clerk of the Public Accounts Committee?—A. I am.

Q. Have you, in pursuance of a motion passed by this committee on the 22nd March instant, the motion being made by myself, issued a summons or subpoena to R. C. Miller, former president of Diamond Light and Heating Company, Limited, Montreal?—A. At three o'clock on the afternoon of March 22nd I wired R. C. Miller, 48 Turkish Bath Hotel, Montreal, the usual form of telegraphic summons. At five o'clock in the afternoon of the same day, I registered, addressed to him at the same address, a letter containing a full summons.

Q. A full summons in the legal form issued by this committee?—A. Yes, addressed to him at 48 Turkish Bath Hotel, Montreal.

Q. Is that his address?—A. Yes, Mr. Ames' secretary hunted it up for me in the telephone book.

Q. Can you give any evidence as to whether or not those summonses reached him?—A. I had a conversation with the post office inspector over the phone here, half an hour ago, and he said they had traced the summons to Montreal, that it had

arrived there at seven o'clock on the morning of the 23rd, but they have not any further information at present and he thinks it will probably be one o'clock before he obtains further information.

Q. Have you any report from the telegraph company as to whether the telegraphic message was delivered?—A. I did not ask them.

Q. That is to say the summons has reached Montreal, but you can give no evidence from the information you have received from the Post Office Department as to whether or not Mr. Miller has taken it out from the post office?—A. No, that is what the inspector is endeavouring to ascertain now. He is using the long distance telephone for that purpose. I told him that the matter was before the committee and that it was very important to ascertain as quickly as possible.

Mr. CARVELL.—I understand that Mr. Miller and Mr. Harris were here on Saturday or Monday, I am not sure which; I think it was Saturday. Mr. Harris is one of the old directors.

Mr. GERMAN.—Would that be an effective service, Mr. Chairman. Is there any rule which governs this committee as to the service of subpoenas? Do the same rules govern us in reference to that matter as apply in the courts?

Mr. MEIGHEN.—I have looked up the practice, Mr. Howe can tell you better than I can, but a telegram is looked upon by the House as sufficient to ensure the attendance of a witness here.

Mr. GERMAN.—To ensure his attendance as long as he has received it?

The WITNESS.—That is what the post office inspector is endeavouring to ascertain now, the delivery of the letter to Mr. Miller.

Mr. CECIL DOUTRE called, sworn and examined.

By Mr. Carvell:

Q. What position do you occupy, Mr. Doutre?—A. Purchasing and contract agent.

Q. For what department?—A. Marine and Fisheries.

Q. How long have you occupied that position?—A. June, 1908, was the time when I took possession, although my appointment I think dates back to April, but I assumed the duties in the latter part of June, 1908.

Q. Were you in the employment of the department before that?—A. I was Commissioner of Wireless Telegraphy for the department.

Q. Here (producing file) is the file you furnished me this morning as the official file in connection with this matter. Will you look up the memorandum made by Colonel Anderson. I think it is on the 30th of March, 1908?—A. By Colonel Anderson?

Q. Perhaps it is Mr. Fraser, I think it is Mr. Fraser?—A. Yes, it is Mr. Fraser.

Q. Is that the original, initialled by Mr. Fraser?—A. Yes, it is initialled by the late Mr. Fraser.

Q. What position did Mr. Fraser occupy at that time?—A. Commissioner of Lights. This is a memorandum signed by J. F. Fraser and dated March 30, 1908 (reads):—

MEMORANDUM.

Under the direction of the undersigned, the department has carried out at the lighthouse depot at Prescott and in service, tests and experiments with various types of petroleum vapour lights with a view of determining the best light for adoption in the Canadian lighthouse service.

For this purpose, vapour lights in use in the lighthouse systems of France, Germany and England were procured and tested along with the Canadian light made by the Diamond Light and Heating Company, Montreal.

The German light was manufactured by Julius Pintsch, of Berlin.

The French light by Barbier, Benard & Turenne, of Paris.

The English light by Chance Bros. & Co., of Birmingham, and in addition to this, a 'Matthews' vapour light was obtained from the chief engineer of the Trinity House, London.

All the above mentioned lights were tested at Prescott for candle power, efficiency and reliability in operation, and the results are contained in detail in type-written report of pages, made by Mr. Alan Brebner, under instructions from the undersigned, a copy of which is attached herewith.

In the lights referred to above, the same principle of operation obtains, varied in each case by its method of application.

Essentially, a petroleum vapour light consists of two receptacles or tanks, about five gallons capacity, secured together on a stand. One of these contains coal oil, and the second, air under pressure compressed by means of a hand pump. On opening a valve, the compressed air forces the oil through a small copper pipe to the burner. This consists of a vapourizing tube, which when the light is first put in operation is heated by a alcohol subflame. After the light is started the subflame is discontinued, the heat of the generator being sufficient to vapourize the oil as it is required. The oil gas passes through a jewelled outlet and is burned under a mantle.

'The German lights have the vapourizing tube at the side of the mantle. The French and Matthews burners have an overhead vapourizer, while the Chance and Diamond lights use the sub-flame.

The results obtained prove that:

1. The Diamond and Chance lights are practically equal in candle power for a given size mantle.

2. The Diamond and Chance lights are superior in ease of operation and reliability to the German, French and Matthews lights, although the Matthews burner gives a somewhat higher candle power.

3. The Diamond light is superior to all the others in ease of operation, reliability and cost of maintenance for repairs.

4. The maintenance cost for oil is not materially different for any of the above burners of the same size.

The question of the most suitable type of petroleum vapour burner for the Canadian service, has been before the branch for the past three years, and it is only at the present time that it has been possible to definitely decide the question.

All the technical officers of this branch who have been connected with this special work agree that the 'Diamond' petroleum vapour light is the simplest, cheapest and most efficient form of vapour burner which has yet been devised and the various foremen erectors state that it is the best type to be placed in the hands of the Canadian lighthouse-keepers who in many cases have little or no mechanical ingenuity.

The improvement of the lighthouse system by the use of the vapour light has therefore, been intentionally held back pending a safe and certain decision as to the proper type to be used.

In view of the tests and experience of the department at Prescott, the undersigned recommends that the 'Diamond' vapour light be adopted as the standard for the Canadian Lighthouse Service.

'J. F. F.'

OTTAWA, March 30, 1908.

Q. That is signed by whom?—A. 'J. F. F.', that is the late Mr. Fraser.

Q. Who at that time, you say was commissioner of lights, and who severed his connection with the department shortly after that?—A. Yes, it must have been shortly after that, I think that was the year of the Cassels investigation.

Q. Because I find the next report was on the 15th of April by Mr. McPhail?—A. He was acting commissioner at the time.

Q. When did Mr. Fraser die?—A. A few months ago.

Q. When was he first appointed to the service?—A. I could not say.

Q. How long had Mr. McPhail been in the service prior to March 30, 1908?—

A. I really could not say, but I think he had been in the service five or six years.

Q. And he was a sufficiently important servant at that time that on the retirement, or the suspension, of Mr. Fraser he was made the acting commissioner?—A. He was.

Q. Now you will find on the file a report made by Mr. McPhail with reference to this transaction on the 15th of April, 1908, will you kindly read that?—A. 'Memorandum dated Ottawa, April 18, 1908, signed J.G.M.'

Q. April 18?—A. Yes.

Q. There is one on April 15, I think?—A. There is another dated April 15, signed J.G.M., that is the commissioner of lights.

Q. Will you please read them both?—A. (Reads):

Memorandum.

On the 15th instant, the undersigned made memorandum as follows. On the 30th March, a memorandum was made by the Commissioner of Lights giving a resume of the tests carried out by the Department in the matter of petroleum vapour lights and advancing reasons why the Diamond Lighting and Heating Company's machine should be made the standard for the use of this Department, and stating that the improvement of the lighthouse system by the use of the vapour light, has been intentionally held back pending a decision of adopting a standard.

The Department is urgently in need of ten 35 mm. and ten 55 mm. installations, together with spare parts.

In this connection it may be stated that on the 7th February, 1908, the Diamond Light & Heating Co. advised the Department that owing to the advance in price of material and labour they find it necessary to advance the price of their petroleum vapour installations, viz.—

For 55 mm. installations \$550 each.

For 35 mm. installations \$450 each.

For 25 mm. installations \$300 each.

The schedule of prices which obtained heretofore were as follows, viz.—

For 55 mm. installations \$450 each.

That would be an increase of \$100.

For 35 mm. installations \$400 each.

For 25 mm. installations \$350 each.

That would be for the 55 mm. an increase of \$100 and on the other two sizes an increase of \$50.

By the Chairman:

Q. Is that what we had a while ago?—A. I do not know what we had, the information that Mr. Bain gave you was not apparently absolutely accurate because on the larger light there was an increase of \$100 and on the other two sizes \$50.

Mr. BAIN.—That information I gave was simply from memory, I had nothing to go by.

The CHAIRMAN.—That is where, Mr. Bain, you were wrong in saying the price was only increased \$50 when it was increased \$100.

Mr. BAIN.—I may be wrong, I was only giving it from memory.

(Examination of witness continued.)

A. (Reads.)

On March 24th the Department advised the Company that in view of the fact that the officers of the Department are satisfied that the Diamond Light possesses advantages over the lights used in the principal foreign countries, they were prepared to recommend its exclusive use in Canada provided satisfactory arrangements could be made, and for that reason the Company should reconsider the question of prices.

On March 25th the Company advised the Department that if the Department could see its way clear to order lighthouse apparatus from them in larger quantities than it has been doing in the past, that they would be inclined to consider seriously the matter of supplying the Department at lower prices than quoted in their letter of the 7th February.

The undersigned respectfully urges the necessity of giving this matter early consideration.

Respectfully submitted,

Ottawa, 15th April 1908.

Q. What are the prices there?—A. The price of the 55 mm. is \$550.

Mr. CARVELL.—I may tell you that the contract later on is for \$500, not \$550.

By Mr. Baker:

Q. The larger lights have been reduced \$50, and the smaller lights \$25?—A. The original contract was for the 55 mm. \$550, and that was reduced by \$50. The 35 mm. \$450 which was the same, and the 25 mm. \$300 which was the same.

Mr. CARVELL.—Then it was an increase of \$50 all around, just as Mr. Bain stated.

By Mr. Carvell:

Q. Now the next is on the 18th of April. Will you read that?—A. (Reads.)

The undersigned desires to add further, that on the 10th February, a letter was addressed to Chance Bros., of Birmingham, asking for quotations on their vapour lights. On 13th March, quote prices on vapour installations in lots of five or ten of any one size as follows:

55 mm.	Installation	\$600 each.
35 mm.	“	525 “
25 mm.	“	500 “

It therefore appears that the prices quoted by the Diamond company are appreciably lower than those quoted by Chance Bros., and as stated above the Diamond company are prepared to consider a reduction in prices in the event of obtaining larger orders than heretofore.

Apart from the question of prices the Diamond Installation has been proved to be more desirable than that manufactured by Chance Bros., as being more simple in construction and management and less expensive in the maintenance of spare parts and general up-keep.

Further it is desirable to utilize the machine manufactured in this country, if for no other reason than that spare parts and additional installations can be obtained on shorter notice than in the case of a machine manufactured in England, and the adoption of a standard will reduce the multiplicity of small parts which must of necessity be kept in the department's stores.

The undersigned strongly recommends for the consideration of the department the adoption of the Diamond vapour installations as a standard, provided satisfactory prices can be arranged.

Respectfully submitted,

Ottawa, April 18, 1908.

Q. Will you tell me now what was the price quoted by the Chance Bros., for their lights before this contract was made, and compare it with the actual contract price for 55 mm. lamp?—A. The difference was \$100.

Q. The Chance Bros. quotation was?—A. \$100 higher than the price paid when we purchased from the Diamond company.

Q. And the 35 mm. light?—A. There was a difference of \$75 in favour of the Diamond light which was \$75 cheaper.

Q. And the 23 mm. light?—A. A difference of \$200 in favour of the Diamond light.

Q. What would the difference have been on the 100 lights had they purchased from the Chase Bros., at their quotation, as compared with the actual cost to the country by purchasing the Diamond light?—A. Just a moment, I will figure it out. (After making computation) \$12,125.

Q. That is the country got the outfit \$12,125 cheaper than they would have obtained it if they had taken the Chance Bros. quotation?—A. Yes.

By Mr. Baker:

Q. But the Chance Bros. quotations were based upon a smaller quantity than this?—A. Yes, they said in their statement that it was for lots of not less than ten.

Q. So that the comparison you have made between the two prices will not give the true difference?—A. While it will not give us the exact difference still the actual difference in number should not account for any such vast difference as I have given, which is, in some cases, 50 per cent.

By Mr. Meighen:

Q. They are not the same kind of light?—A. Mr. Bain is not prepared to admit it, but they are very similar. I think the Diamond company took the Chance light, and noted the defects that we pointed out in the Chance light which they have remedied in the Diamond; I think that is so, I am not quite sure.

Mr. BAIN.—Yes, to a great extent. The Chance light has a horizontal generator, and ours is upright.

The WITNESS.—But the principle is very much the same.

Q. Now in the year 1909, I understand a further contract was given to the Diamond company, in April?—A. That was a contract in the shape of an order to supply 100 lights, yes.

Q. Yes, that is the one Mr. Ames was speaking about?—A. I might state in explanation of this order that before the purchasing branch was established, if we bought say, 25 tons of coal, there was a long contract made out with witnesses and securities, but since the purchasing agency was established we very seldom make contracts. For instance, if we are to buy 100 lights we would put out an official order based on a quotation of price, there is no regular formal contract made out.

Q. Did you have any correspondence with this company as to the price at which they would supply you with those lights in 1909?—A. I am not sure whether it is in the correspondence, but I know that I had several interviews with Mr. Miller.

Q. I know there is correspondence, you will find it there on the file?—A. I have not had time to look over this file; when I came up to go over it this morning I found there was a great deal on the file that I never knew before was in existence. (Examines file.) I find here a letter of the Diamond Light and Heating Company, addressed to myself, by Mr. Bain, as follows: (Reads).

of Canada, Minister
~~MANUFACTURERS OF LIGHTHOUSE APPARATUS,~~
 MANUFACTURERS OF LIGHTHOUSE APPARATUS,

308 Craig Street West,
 MONTREAL, March 4, 1909.

DEAR SIR,—During the last year we have received a considerable amount of business from your department in connection with lighthouse apparatus and supplies, for which we are deeply grateful; and being of the opinion that the detailed price list which we had the honour of submitting to you on October 31, 1908, was—and is still—about as low as might be expected for such an important branch of the service, still we appreciate very much your endeavours to obtain better prices for the goods which you have to order from time to time, and after due consideration we beg to make the following suggestion for your consideration:

If an arrangement can be entered into between us and the government whereby we will receive all of the orders for supplies which may be required by your department for the lighthouse service, we would seriously consider a ten per cent discount on all articles enumerated in price list of above mentioned date—with the exception of mantles. Trusting that you will give this matter your careful attention and favour us with an early reply, we remain.

Yours respectfully,

THE DIAMOND LIGHT AND HEATING COMPANY OF CANADA, LIMITED.

(Sgd.)

JAMES R. BAIN,
Secy.-Treas.

CECIL DOUTRE, Esq.,
 Purchasing Agent,
 Marine and Fisheries Dept., Ottawa.

Q. That is addressed to yourself?—A. Addressed to me.

Q. Now, the reply to that?—A. This is a letter addressed to the Diamond Light and Heating Company, signed by myself. (Reads.)

March 8, 1909.

GENTLEMEN,—I beg to acknowledge your favour of the 4th instant, and note that you are prepared to reduce your price on parts for the Diamond lights by 10 per cent. You state that this offer is made contingent upon the department giving you all the orders for supplies which may be required by this department for lighthouse service. This, of course, is out of the question. What the department is prepared to do is, as the Chance vapour installations become defective, replace same by the Diamond installation, in other words we will adopt the Diamond light as the standard for vapour installations. This was my understanding of the arrangement when it was discussed with your Mr. Miller.

This arrangement is not to be understood as a contract or binding upon the department to continue to buy the Diamond light, but merely a suggestion that if you will reduce your price to the extent of 10 per cent it will be an inducement for the department to extend the use of your light.

As we require a large number of Chance renewal parts, I wish you would kindly let me have your reply by return mail, as upon your reply will depend whether these parts are purchased or not.

Yours very respectfully,

(Sgd.) C. DOUTRE,
Purchasing and Contract Agent.

Q. Now, have you the reply to that?—A. Yes, here is a letter addressed to me. (Reads.)

MONTREAL, March 10, 1909.

DEAR SIR,—Your letter of March 8 (No. 27,879) to hand, and in reply we beg to state that it is perfectly satisfactory.

In our letter of March 4, we did not intend to imply that a contract should be entered into between us, but simply an arrangement mutually satisfactory to both parties.

Trusting to be favoured with your valued orders, we have the honour to be,

Yours respectfully,

THE DIAMOND LIGHT & HEATING CO. OF CANADA, LIMITED.

(Sgd.) J. R. BAIN,

Secy.-Treas.

CECIL DOUTRE, Esq.,

Purchasing Agent,

Marine and Fisheries Dept.,

Ottawa.

Q. Now, acting on that correspondence did you give them an order for a further lot of goods of this character?—A. For some parts; I think we did buy some parts on that, but I do not think that correspondence has reference to this further order for 100 lights.

Q. You do not?—A. No, I do not.

Q. But you did buy some parts?—A. Yes, there is an order for some parts. Here is a letter to the Diamond Light and Heating Company by myself. (Reads.)

APRIL 24, 1909.

GENTLEMEN,—I beg to advise you that the department is in the market for 100-35 mm. petroleum vapour lights, and in this connection I may state that I am in receipt of a report from the officer in charge of the Prescott Depot to the effect that the cost of these lights, including renewal parts, should not exceed \$130. He has submitted a statement showing the estimated cost of each separate part, making a total of the above amount.

There is such a difference between this price and that which we last paid you that I would kindly ask you to go into your figures carefully and let me have a quotation on the above 100 lights to be taken within the next twelve months as required.

Yours very respectfully,

C. DOUTRE,

Purchasing and Contract Agent.

The Diamond Light and Heating Co.,

Montreal, P.Q.

That was the letter I wrote them.

Q. Now, the next?—A. A letter from them dated April 28, 1909, addressed to me. (Reads.)

MONTREAL, April 28, 1909.

DEAR SIR,—We beg to acknowledge the receipt of your favour of the 24th inst., and in reply beg to state that we are pleased to learn that your department is requiring 100-35 mm. petroleum vapour lights, but we are very much surprised at the figure, \$130, which your Prescott Depot estimates the cost at for manufacturing these lights.

It appears to us that while they have estimated approximately correct in one or two cases they are away below the correct figure in the majority of cases, and in some instances they are so far out that we think they must have made a serious mistake in their calculations and it is evident that they only estimate the cost of material and did not allow anything additional for business cost, such as capital, office expenses, wear and tear of plant, selling expenses, &c., an allowance for which, in our humble opinion, should be made at the rate of 25

per cent additional, not taking into consideration the enormous expense for experimenting account, patents, &c., in bringing this light into existence, and bringing it up to the standard of perfection which our apparatus has now attained.

We will now give you as near as possible the approximate cost of the individual parts as grouped in your copy of report, which you were kind enough to furnish me with this morning:—

PARTS IN USE.

	Yours.	Ours.
Burners:—comprising generator spirit cup, vapour, jewel outlet, mixer, mantle holder and cone flame spreader, each..		
Mantel carriers, each..		
Vapour generators, each..		
Jewel vapour outlets, each..	\$11 76	\$38 43
Mantel rods, per doz..		
Mantels (extra heavy thread) 35 mm.. . . .		
Burner stand, each..		
Seamless drawn tubing, per foot.. . . .		
Regulating valves, each..	4 00	4 85
Seamless drawn steel oil and air tanks, complete with stand, pump, gauges and valves, per set..	30 00	30 00
Seamless drawn tank with pump, gauge, valves and tube connections, each.. . .	30 00	30 00
Tube connections for tank, each.. . . .	0 50	0 80
Tube connections for pump, each.. . . .	0 50	0 80
Air pressure pump with check valve, each..	1 50	2 00
Pump plunger washers, per No. 5.. . . .	0 20	0 33
Air pressure gauges, each, 2 at \$2.90.. . .	5 80	7 70
Tank valves, each..	2 00	2 90
Oil strainers, each..	0 35	0 60
Copper measures (1 gal.), each.. . . .	0 50	0 90
Copper funnels, each..	0 60	1 00
Copper spirit cans, each..	1 00	1 35
Filler cap spaners, each..	0 50	0 65
Vapour outlet wrenches, each..	0 50	0 65
Vapour outlet cleaners, per doz..	1 00	1 40
Mantel holder plyers, each..	0 50	0 65
Generator cleaning rods, per doz.. . . .	1 00	1 40
Generator cleaning brushes, per doz.. . .	2 00	3 00
Tubing unions..	3 50	4 75
Colored sight protectors for keepers.. . .	0 25	0 40

SPARE PARTS.

2 burners, complete..	23 52	76 86
3 mantel carriers at 35c..	0 99	4 20
3 steel generators at 45c..	1 35	2 25
3 jewels at \$1.50..	4 50	8 25
24 mantel rods at 20c. per doz..	0 40	0 60
50 mantels at 40c..	20 00	20 00
1 regulating valve..	4 00	4 85
Tube connections..	0 50	0 80
Tank connections..	0 50	0 80
1 pressure pump..	1 50	2 00
1 wrench..	0 50	0 65
1 pair sight protectors..	0 25	0 40

You will see that the foregoing totals \$224.52 instead of \$130. Add to that for business cost as above enumerated 25% or \$56.13 equalling \$280.65. Now, as an ordinary profit for manufacturing we are entitled to 40% or \$112.26, equalling \$392.91, but this still allows nothing for the patents and the rights pertaining thereto and we think we should be entitled to \$100 on each complete light, which would bring the total value to \$492.91 each, but Mr. Doutre, we appreciate to the fullest extent your efforts to purchase these goods at the lowest possible price and will consent to reduction of \$25 each from our previous price of \$450, making a net price of \$425 f.o.b. our factory, terms net cash. Of course this would require to be in lots of 100. To be delivered to your department during the fiscal year ending March 31st, 1910.

We beg further to draw your attention to the fact that we have had to keep constantly in view the necessity of producing an apparatus thoroughly adapted to the peculiar conditions and climate under which lights are operated in Canada, and we would ask you to take into consideration the fact that there is only one customer for these goods and in order to recompense us for the enormous outlay that we have been put to, it would take orders covering at least 500 lamps.

Trusting this quotation will prove satisfactory to you and to be favoured with your valued orders,

We remain,

Yours very respectfully,

THE DIAMOND LIGHT & HEATING CO. OF CANADA, LTD.

Per (Sgd.) R. C. MILLER,
President.

C. DOUTRE, Esq.,
Purchasing and Contract Agent,
Marine and Fisheries Dept.,
Ottawa.

Q. Now, on that letter what did you do?—A. That letter was dated the 29th, if I am not mistaken Mr. Miller came up to Ottawa after that letter, or if he did not he was here in Ottawa on the date I placed an order with the Company, and we discussed the whole matter, and we agreed to place an order at \$425 for the 100.

Q. You gave him an order?—A. Yes.

By Mr. Edwards:

Q. Do you know on what date that was?—A. I am almost certain of that, I gave Mr. Miller that order personally, and it was dated April 29th, 1909.

By Mr. Meighen:

Q. Who were present at the time of the discussion?—A. Myself, Mr. Miller and my stenographer.

Q. Do you remember the stenographer's name?—A. Yes, Miss Tanner who does her work in my office and never leaves the office on any consideration whatever.

By Mr. Carvell:

Q. You do not happen to have one of those electrical appliances that keeps a record of everything said?—A. No. Probably you have no objection, I would like to make a statement, it would perhaps make the matter plainer to the Committee. In connection with the first order the order in council was made out for it, I had absolutely nothing to do with it except that I made the contract, the order in council and the whole thing had been cut and dried by the Department, they had adopted that light and the price

was satisfactory, all I had to do was to make the contract and to complete the arrangements that had been entered into. I came in subsequently and gave this second order for 100 lights. I may say that the whole question has been discussed of the advisability of having these lights made in Canada where we could get them, and also the parts, at any time.

Q. Do you consider this an advantage?—A. I may tell you that I have spent \$150 in cablegrams alone to the Chance Bros. to send out parts required in a hurry; and we could not get the Government departments to anticipate their wants by a day, and I may say that the lighthouses have been using 'Stand by' lamps for months at a time pending the arrival of parts from England.

By Mr. Meighen:

Q. Why would not the Chance Bros. establish a branch here?—A. I do not know, I have ordered as much as \$7,000 worth of supplies from them at a time.

Q. Why wouldn't they establish a branch here?—A. I do not know.

Q. They have always refused to do so, have they?—A. I am not aware that they have been called upon to do so.

Q. You are not aware that they actually were asked and consented to do so?—A. No, I am not.

By Mr. Carvell:

Q. Do you consider it an advantage to purchase these goods in Canada?—A. It is an advantage, and not only that, but I tell you frankly that I am willing at any time to pay more money for goods made in Canada than I am to have them brought in from abroad. I do it every day provided the price is in reason, within five per cent. I am willing to pay five per cent more and buy an article made in Canada in preference to having it made outside of Canada.

Q. I think that is quite proper from the standpoint of the Government.—A. It is the policy of the Department to do that.

Q. Mr. Doutre, do you know—I would judge from the correspondence you have read that you have been making some sort of investigation through your officers as to what these lamps should cost?—A. Yes.

Q. Do you consider you are purchasing these lamps at a reasonable price?—A. Taking everything into consideration, yes. The lamp at the price we pay is more than the lamp is worth, I have no hesitation in making that statement.

Q. But you consider the lamp a necessity?—A. Absolutely.

Q. Now in the next place do you know of any other place in the world where you could get it cheaper?—A. I do not.

Q. Do you know of any place where you could buy it as cheaply as you get it from the Diamond Company?—A. Not at the present time.

Q. And the lamp is a necessity?—A. Yes.

Q. Do you know anything in the mechanical world to-day which would take its place for the same money?—A. I do not. But you must bear in mind that the only customer that the Diamond Company has is the Government. We have the Canadian Fog Signal Company, for instance, from which Company we guarantee to purchase \$27,500 worth of goods every year, whether we need the goods or not, just simply in order to keep them in business. You might say that the Department could take up the manufacture of the fog signals themselves, but if we have to do that it will cost us \$57,000, I have no hesitation in making that statement.

By Mr. Meighen:

Q. You make the statement that you never pointed out to Chance Bros. that they did not keep a stock here, and that they did not reply?—A. Yes.

Q. Do you still adhere to that statement?—A. Yes—probably there may be a letter from myself, but I have no recollection of it.

Q. Will you turn up a letter of April 7th, 1909, written by yourself to Chance Bros., and their reply dated 17th of April?—A. I do not see any letter on this file here.

Q. I have a memo. of it?—A. Does it give the file No. Mr. Meighen?

Q. The memo. I have here is this, you may remember it from my memorandum. 'April 7, 1909, letter from C. Doutre to the Chance Bros., Birmingham, England, saying that because of the difficulty in securing parts required at short notice, and owing to the fact that vapour light installations were now being manufactured in Canada, the government had decided to purchase Canadian goods to which Messrs. Chance replied on the 17th of April, 1909, offering to keep stock in Canada and claiming that full efficiency of their apparatus cannot be secured unless the burners are fitted in the apparatus before leaving their works.'—A. Is that letter signed by me?

Q. This is a memo. made from the letters.—A. Signed by whom?

Q. It is a letter from C. Doutre?—A. That is my letter to Chance Bros.

Q. Yes, and there is a letter from Chance Bros. to you agreeing to keep a stock in Canada. This is a memo. Mr. Ames has taken from the file.—A. No doubt that is so, but it has escaped my attention.

Q. So that the reason did not exist any longer after that letter?—A. As to carrying parts in Canada? No, it would not exist after that letter—I haven't the letter here.

Q. It is on the file, that is where we got it.—A. There (pointing to the file) is the Chance file, and I do not see it on that file at all. In that connection I would like to mention this, here is a letter which indicates the troubles we had.

Further it is desirable to utilize the machine manufactured in this country, if for no other reason than that spare parts and additional installations can be obtained on shorter notice than in the case of a machine manufactured in England, and the adoption of a standard will reduce the multiplicity of small parts which must of necessity be kept in the department's stores.

The undersigned strongly recommend for the consideration of the department the adoption of the Diamond vapour installations as a standard provided satisfactory prices can be arranged.

That is dated Ottawa, April 18, 1908.

Q. This was taken from the file brought down in response to the resolutions of this committee on the 22nd of March?—A. Well, we haven't it here.

By the Chairman:

Q. There is no doubt about it being there?—A. Yes, I think I do remember writing a letter to them, and I think we had a letter from them asking why we were not giving them our business and we replied that we were going to have them made in Canada and more cheaply.

By Mr. Carvell:

Q. There is just one other question I want to ask you, Mr. Doutre. Have you, at any time, either directly or indirectly, or through any other person, ever been approached by any person, or by any officer of the Diamond Light and Heating Company, directly or indirectly, or received any commission or any remuneration, or offers of any kind whatever?—A. Never, on any occasion did I receive any, directly or indirectly.

Q. No proposition was ever made to you?—A. Never, not even a suggestion.

Q. Would there be any official of the department, since you have had charge, who would have anything to say about making contracts for these goods?—A. None whatsoever.

Q. No one but yourself?—A. No one but myself—the only thing is of course, the orders I have placed are based on requisitions from Mr. McPhail.

Q. We can get Mr. McPhail, can't we?—A. Yes, he is here; he could recommend, but as regards the prices and the making of a contract or the placing of an order, no person except myself would have anything to do with it whatever.

Q. And no person ever approached you or made any suggestion of a commission?—A. No, never, nor has any person ever approached me with a view to obtaining the purchase of these lights.

Q. Who were the officials who would have the power either to recommend or to purchase goods of this character since the month of June, 1907, to the present time?

—A. 1907—I really do not know who it would be prior to that.

Q. But from June, 1907?—A. Prior to June, 1908, I do not know who did the buying for the department. I think Mr. Stumbles was looking after it, but I think there was very little buying done at that time.

Q. Who was the deputy minister?—A. Colonel Gourdeau, I think he left in July, 1908.

Q. He was there practically for a year after 1907?—A. Yes, and then Mr. Desbarats was the deputy minister.

Q. And Mr. Fraser was commissioner of lights down to the time he was suspended in 1908?—A. There were no orders placed with the Diamond Company, I think Mr. Fraser was out of the department at the time when that original order was placed, that is for the 100 lights.

Q. Yes, he was, no doubt?—A. Yes, he was not there at that time. The first knowledge I had of this matter was when Mr. Bain and the president came up and told me there was \$42,000 that they did not know where it was, but that Mr. Miller claimed he had to pay it to get this business, and, naturally, Mr. Bain and Mr. O'Connor, the president of the company, did not know what had gone on and they came up to see me to try to trace that large sum of money. If we had paid fancy prices, or if pressure had been brought to bear upon me by any person, privately, to urge the purchase of these goods I would think there was something behind it, but at no time has any person ever approached me asking that we buy more lights or pay a higher price. In fact from the very inception, from the time the original order was placed there was a continual cutting down of the prices every year. Mr. Bain knows with reference to buying parts from him the price was high and we stopped buying mantels in consequence. I do not see why Mr. Miller would pay anybody because there was a continual reduction in prices right along.

By Mr. Meighen:

Q. The rise at first was a great one so that they could stand a reduction?—A. I may tell you frankly that I was not aware there had been any rise in price until last night when running over the file.

By Mr. Galt:

Q. Am I right in saying that from the month of June, 1907, down to the month of April, 1908, the purchasing and the recommending of these goods would be in the hands of Mr. Fraser and Colonel Gourdeau?—A. No, Mr. McPhail.

Q. The recommendation and purchase?—A. He would not have anything to do with the purchase, all he could do is to recommend, but I do the purchasing.

Q. I am asking you about the period from the month of June, 1907, down to April, 1908?—A. Yes.

Q. Now during those ten months would Mr. McPhail and Mr. Fraser have the entire say as to the recommending, and Colonel Gourdeau would have the say as to the purchasing?—A. I should think so.

Q. Since then the purchasing has been done by you?—A. Practically all by myself, I have made all the purchases practically.

By Mr. Meighen:

Q. Did you ever seen any of these directors?—A. Not until the time I saw Mr. Bain and Mr. O'Connor, that was the only time I ever met either of them, I saw them on that occasion and I saw Mr. O'Connor here once since.

Q. Previous to that time you never had any communication, verbal or otherwise, with any of the directors?—A. Never. I tell you frankly I did not know Mr. Collyer was a director of the company, although he is a great personal friend of mine, until this morning. I did not know until to-day that he had anything to do with the Diamond Light and Heating Company.

By Mr. Ames:

Q. Are you acquainted with Mr. Morrison, a former director?—A. No, I do not know him at all.

Q. Do you say that the information that Mr. Collyer had been a director was news to you?—A. It was news to me although I know him quite well.

By the Chairman:

Q. Do you know Mr. Harris or Mr. Johnston?—A. No, I do not know them.

The CHAIRMAN.—The assistant Deputy Postmaster General advises me that the registered letter addressed to Mr. Miller, posted here on the 22nd of March, was delivered to Mr. Matheson, the clerk at the Turkish Bath Hotel. Mr. Matheson informed the party who went to see him this morning that he delivered the letter containing the summons to Mr. Miller personally on the 23rd of March.

Mr. MEIGHEN.—I move that a copy of the summons issued to Mr. R. C. Miller, a copy of the evidence of the clerk of the committee in reference to the issue of the summons, by telegraph and through the mails, and a copy of the statement just made by the chairman in reference to the service of the said summons, be reported for the information of the house.

Motion adopted.

Mr. CARVELL.—I think it only fair that Mr. McPhail should have an opportunity of coming before this committee.

Mr. MCKENZIE.—I understand Colonel Gourdeau was deputy minister for some portion of the time, and had the power to buy from this company, and, I suppose, he did buy. I think you should get him.

The CHAIRMAN.—Carried.

Committee adjourned.

EVIDENCE

TAKEN BY THE

PUBLIC ACCOUNTS COMMITTEE

IN CONNECTION WITH

DIAMOND LIGHT AND HEATING CO.,
OF CANADA, LTD., MONTREAL

No. 2—MARCH 30 1912



OTTAWA

PRINTED BY C. H. PARMELEE, PRINTER TO THE KING'S MOST
EXCELLENT MAJESTY

1912

MINUTES OF EVIDENCE

COMMITTEE ROOM No. 32,

HOUSE OF COMMONS,

SATURDAY, March 30, 1912.

The Select Standing Committee on Public Accounts met at 11 o'clock p.m., the Chairman, Mr. Middlebro, presiding.

Mr. MEIGHEN.—I move that the examination of the items referred to in the motion before this committee, and dated March 22, be resumed.

The CHAIRMAN.—Perhaps I should call the attention of the committee to the fact that since we met last time we have obtained an affidavit from the clerk in the Montreal post office swearing that he gave this particular letter, in which was the summons, to the letter-carrier, and we have the affidavit of the letter-carrier that he gave it to the clerk at the hotel where Mr. Miller lives, and we have the affidavit of the clerk at the hotel that he gave it personally to Mr. Miller himself. We have also proof of the delivery of the telegram to Miller himself, and, since that, an order has been sent down to Mr. Carpenter, Chief of Detectives in Montreal, with a view to having it served upon him, and Mr. Carpenter replies this morning as follows:—

MONTREAL, March 29, 1912.

SIR,—Referring to letter which I yesterday evening received from Mr. O'Brien, Law Clerk of the House of Commons, I have the honour to inform you that I have been unable to effect service on Mr. R. C. Miller, and have reason to believe that he has left the city with a view of evading service. I have been trying since yesterday morning to locate him, but, thus far have been unsuccessful.

As per instructions, I enclose you herewith affidavit in this connection.

I have the honour to be, sir,

Your obedient servant,

(Sgd.) SILAS H. CARPENTER,

Chief of Detectives.

The affidavit is as follows:—

In the matter of the order of the House of Commons of Canada, dated March 28, 1912, District of Montreal,

I, Thomas Mackey, of the City of Montreal, detective, make oath and say that I made due diligence and effort to serve with the duplicate original of the order hereto annexed one R. C. Miller, known to me to be the person named in the said order, and to serve the said Miller in the City of Montreal, and was unable to find the said Miller to effect such service.

(Signed) THOMAS MACKEY.

Sworn before me at the City of Montreal, in the Province of Quebec, this 29th day of March, 1912.

(Signed) W. SIMSON WALKER,

*A Commissioner for taking affidavits in the
Supreme Court of Canada, and a Com-
missioner for taking affidavits in the
Superior Court, Province of Quebec.*

Mr. MEIGHEN.—I call Mr. Miller.

R. C. MILLER, called, but failed to respond.

Mr. MEIGHEN.—I call Mr. Morrison.

THOMAS MORRISON, called, sworn and examined.

By Mr. Meighen:

Q. Mr. Morrison, you were one of the directors of the Diamond Light and Heating Company up till June of last year?—A. Yes, I think from 1907.

Q. You were present at the meeting of directors at which the resolution authorizing the president to spend such money as might be necessary to secure business was passed?—A. I was.

Q. Do you remember the reasons that were advanced for that resolution?

Mr. CARVELL.—I do not think this witness has come here to give evidence as to reasons. We are here inquiring about what became of this money, and surely my learned friend is not going to ask this committee to allow him to give evidence as to what took place in the meeting.

The CHAIRMAN.—The whole question is, for what purpose was the money applied, and in order to find what was the intention of its application this man can tell that such a resolution was passed.

By the Chairman:

Q. Was Mr. Miller present?—A. Yes.

Objection repeated.

Mr. MEIGHEN.—Miller said the money was required to get business.

Mr. CARVELL.—We have not any objection whatever to getting all the evidence you can bring or all the witnesses you can bring who know about the paying of this money, but I do not think we are here to find out what three or four gentlemen intended to do.

The CHAIRMAN.—We want to find exactly what these gentlemen intended to do and what they did.

By Mr. Meighen:

Q. Mr. Morrison, why was that resolution passed—I think that would be fair—why was the resolution passed?—A. Well, it was passed.

Mr. MCKENZIE. —Have we got this resolution?

Mr. CARVELL.—No, we have not.

The CHAIRMAN.—Mr. Bain swore that the resolution passed, and it is on the minutes.

By Mr. Meighen:

Q. Can you answer the question why it was passed—will you tell us why the resolution was passed?—A. To get business.

Q. What business?—A. Well, the light business.

Q. From whom?—A. General business, and the government too, general business.

Q. What business did you get subsequent to that?—A. I have no information of the details of the business.

Q. You were a director?—A. I was just a director, but I know nothing about the business.

Q. You know nothing about the details of the business being just a director?—

A. No.

Q. You were not of much assistance, as a director?—A. No.

Q. Very little?—A. Very little.

Q. But I suppose you drew your director's fees?—A. Well, we got \$50 one year.

Q. Were any names mentioned as the parties to whom this money was to go?—

A. None whatever.

Q. Were reports made to your directors' meetings as to what was done with the money?—A. No.

Q. None whatever? Was the money or the expenditure made in pursuance of the resolution ever brought up at the directors' meeting?—A. I do not think so.

Q. I want you to think and be sure?—A. I do not know of any.

Q. Do you attend the directors' meetings?—A. Well, I did not attend them all.

Q. You were never present at a directors' meeting when the matter of the expenditure of this money was referred to at all?—A. No.

Q. Or at any meeting of the shareholders or directors?—A. None that I remember.

Q. Had you any knowledge of what money was being expended?—A. Well, I cannot say that I had any definite knowledge.

Q. Well, what knowledge had you of an indefinite character?

Mr. CARVELL.—I submit that any knowledge of which this witness can give evidence must be his own knowledge of the payment of money and cannot be based on what was reported to him by somebody else.

Mr. MEIGHEN.—I asked him what knowledge he had.

Mr. CARVELL.—I just want to draw the Chairman's attention to the fact that this witness ought to be instructed that he can only give as evidence that which he has personal knowledge of.

The CHAIRMAN.—Mr. Meighen asked the witness what indefinite knowledge he had and the witness has not answered that question; I do not know what he is going to say and until he answers I cannot give a ruling whether it is evidence or not.

Mr. CARVELL.—I am going to ask you to instruct him that any evidence he gives must be of his own personal knowledge not what somebody else has told him.

The CHAIRMAN.—What he is told by somebody else is not evidence, he has heard me say that and therefore knows what the ruling is—unless it was what Mr. Miller himself told him.

Mr. CARVELL.—What Mr. Miller himself told him? That makes it all the worse; a man who evidently got rid of \$42,000 of the company's money, a man who is evidently fleeing from justice, because we cannot get him here, and you want what this man may have told somebody else to go on the record as to where the money went to.

By Mr. Meighen:

Q. What knowledge have you as to how the moneys were spent?—A. I had no knowledge.

Q. You had no knowledge?—A. No.

Q. Had you any knowledge while a director?—A. No.

Q. Do you know that any money was spent at all?—A. Well I have no personal knowledge, I never saw the books.

Q. You never saw the books?—A. No.

Q. Any knowledge you had was from whom?—A. The first knowledge I had was in the evidence given in court in Montreal.

Q. So we have it that you did not know that a dollar was spent to get business, after that resolution was passed, until you saw the report of the evidence in court?—

A. That is it.

Q. And you were a director of the company for some four years?—A. Three or four.

Q. The money was spent and you want to tell this committee that \$42,000, or thereabouts, was spent to get \$117,000 of business and you, as a director, did not know that a dollar was spent, that is correct, is it?—A. I had no personal knowledge that it was spent.

Q. I asked you what knowledge you had and where did you get it? You told me you had no knowledge until you saw it in the court, that is no personal knowledge will you tell us from whom you had knowledge before you saw it in the paper?—A. From whom I had knowledge?

Q. From whom you had knowledge before you saw it in the paper.

Mr. CARVELL.—That is not evidence.

Mr. BENNETT.—Let the witness alone.

Mr. RHODES.—I protest against the attitude taken by Mr. Carvell, it is a perfectly proper question to ask the witness.

Mr. CARVELL.—I object to this question on the ground that any information he may have is ~~he~~ say or secondary evidence, he says he has no personal knowledge, and therefore any knowledge he may obtain in that way from other parties would not be ~~in~~ evidence.

Mr. MEIGHEN.—I did not ask him what his knowledge was, therefore your objection falls to the ground.

Mr. CARVELL.—My particular objection is that this witness has stated that he has no personal knowledge.

(Debate followed).

Mr. CARVELL.—I objected to this question because the witness has sworn that he has no personal knowledge, so that anything obtained from him is secondary evidence.

The CHAIRMAN.—Perhaps we had better wait until the next question.

Mr. CARVELL.—I hope my objection will be noted.

The CHAIRMAN.—Certainly.

By Mr. Meighen:

Q. Had you any information from anyone, prior to the time you saw it in the newspapers, that money had been spent to secure this business—had you any information from any one to that effect?—A. I do not think so.

Q. So you never knew, from your own knowledge, or from ~~he~~ say, that any money had been spent at all until you saw the report of the court proceedings?—A. Well, at the annual meeting the item of 'sundries' showed expenses.

Q. So you knew all along from your own knowledge?

Mr. CARVELL.—He said at the annual meetings.

By Mr. Meighen:

Q. What annual meeting?—A. Once a year.

Q. So that there were four annual meetings, or at all events three, at which reports were made that these moneys were being spent?—A. Well, expense money, sundries.

Q. Reports were made showing just such moneys as were being spent in pursuance of the resolution of June, 1907?—A. I suppose, yes.

Q. So you knew all along from the annual meetings of your company that the money was being spent, did you not?—A. Sundries, yes.

Q. Did you make any inquiries to ascertain where they went?—A. No.

Q. You made no inquiries of Mr. Miller?—A. No.

Q. You made no inquiries of the other directors?—A. No.

Q. And you had no knowledge yourself?—A. No.

Q. You knew from the annual meetings that \$42,000 were spent to get \$117,000 worth of business?—A. I did not know until I saw it in the evidence at Montreal.

Q. What do you mean by saying that you did not know one minute and the next that you knew it at the annual meetings?—A. The amounts.

Q. Was the amount not stated at the annual meeting?—A. I guess it was.

Q. Then you did know the amount before?—A. I cannot say I knew any definite amount.

Q. Was no definite amount stated at your annual meetings; you must have kept them in your mind. You knew at each annual meeting what actual amount had been spent in the year previous in this way?—A. There is always an amount for sundries.

Q. And that was the sundries in pursuance of this resolution?—A. And I suppose for expenses.

Q. Do you mean to say that this was mixed up with other sundries?

Mr. GERMAN.—I think Mr. Bain said that.

WITNESS.—I have no knowledge.

Mr. MEIGHEN.—Mr. Bain was talking of the cheques. There was no mixing up in that way.

By Mr. Meighen:

Q. What were you saying Mr. Morrison?—A. I was saying that I have no knowledge of the details of the business. I think we only had one or two meetings a year. Mr. Miller was looking after that business, and it was left to him.

Q. But the amount that was spent to get business was reported each year to the company under a general expense account, was it not?—A. I think that was in ~~one~~ annual statement as 'sundries.'

Q. Did it not appeal to you as enormously large?—A. I did not—

Q. I beg pardon?—A. Well, I never thought of it that way.

Q. It did not appeal to you at all, it never struck you as being enormously large in proportion to the business got?—A. I never thought about it.

Q. Have you seen Mr. Miller recently?—A. No, not since the case in the court house there, I suppose three weeks ago.

Q. About two weeks ago?—A. Three weeks, I guess, I am not sure.

Q. Did you yourself meet any government officials or see any members of parliament or politicians of the district in relation to the business of the Diamond Light and Heating Company?—A. None whatever.

Q. You had nothing to do with it?—A. Nothing at all.

Q. You just had two board meetings a year?—A. Well, I think it was about two. There might have been three—I am not sure.

Q. Do you know any other directors that might give us some information about the business?—A. I think they are all the same.

Q. None of them knew anything about it but Mr. Miller?

By Mr. Bennett:

Q. How many meetings did you say you attended between the annual meetings?—A. I cannot remember.

Q. You can remember. Let us see whether you can remember or not. Was there one a week?—A. Oh, no.

Q. One a month?—A. I think about two a year.

Q. Your evidence is that there were not more than two meetings each year that you were present at?—A. I do not remember.

Q. Well, perhaps you will have to get the books to see how many you did attend? How many did you attend?—A. I cannot say.

Q. Were you at six meetings in the year?—A. I do not think so, but I do not remember.

Q. Yes, or no, will you say that you were not?—A. I could not say without some information.

Q. You want to know what is in the book first before you give your statement?—A. I do not think there were more than two or three meetings; I know I was not at them all.

Q. You may have had three meetings outside the annual meeting?—A. Possibly.

Q. Will you say you were not at ~~the~~ four meetings?—A. I could not say.

Q. Well, now, at any of these board meetings was this question of expenditure ever discussed?—A. I do not know, not that I remember.

Q. Will you say that it was not without qualifying it by saying, 'Not that I remember'?—A. I do not think so; I do not remember.

Q. Was there any disbursement of the company that approached nearly as much as the disbursements in this agent's expense account?—A. I do not catch the question.

Q. I say would there be any disbursements that looked as large, any for sundry purposes, as this one?—A. Well, I do not know of any.

Witness discharged.

Mr. MEIGHEN.—I beg to move that the minutes of this meeting, including the absence of Mr. Miller, be reported at the earliest possible moment for the information of the House.

Motion adopted.

Mr. CECIL DOUTRE, recalled.

By Mr. German:

Q. You are already sworn. Have you on the files of the department any record showing whether or not tenders were invited for supplying these lights to the government?—A. There are.

Q. Will you just turn them up and put them on the minutes?—A. In this connection I beg to state, Mr. Chairman, that the correspondence which Mr. Meighen asked for at the last meeting and which I could not find I have since ascertained have been removed from the official file for a return to the House in response to a motion by Mr. Edwards, I think, but I have it here now.

Mr. MEIGHEN.—That is the letter of the 17th of April?—A. Yes, the 17th of April.

Mr. GERMAN.—Just read it please?

A. In 1910 the department desired to purchase some 85 mm. installations and communicated with Chance Bros., the people who in the past had been supplying the department with vapour light installations.

By Mr. Meighen:

Q. You are speaking now as to May, 1910?—A. I am speaking now as to this purchase which eventually went to the Diamond Light and Heating Company.

Q. But you know that in 1908 and 1909 the purchases were practically all from the Diamond Light and Heating Company?—A. Yes, all in my time, but this particular purchase I wanted to go on record. Tenders were asked, the Chance Bros. were communicated with as well as the Diamond Light and Heating Company and requested to quote a price. Chance Bros. replied on the 18th of May, 1909, in a letter addressed to myself, as follows. (Reads):

LIGHTHOUSE WORKS,

NEAR BIRMINGHAM, May 18, 1909.

DEAR SIR,—With further reference to your letter of the 1st March last, we now have pleasure in quoting you the sum of £180/0 for our 85 mm. 'Chance' incandescent vapour installations, this price including the parts numbered from T. 40 to T. 282 on the enclosed lists, of which we enclose half a dozen. If any extra spare parts are required, we could supply these at the prices given on the above list, which latter also give detailed prices of the various parts forming an installation. The above price, also those on the enclosed specifications, include packing and delivery c.i.f. Montreal during the open season, and Halifax or St. John during the winter months. Duty paid.

Trusting that we shall shortly receive an order from you, we are, dear sir,

Yours faithfully,

For CHANCE BROS. & CO.,

Limited,

(Sgd.) H. G. STOBART, *Director*.

That amount, £180, reduced to Canadian currency, amounts to \$876. The Diamond Company wrote the department at a subsequent date quoting to the department \$795 on these 85 mm. lamps.

By Mr. German:

Q. Chance Bros. quoted a price in 1909?—A. Yes.

Q. Have you a copy of the letter you wrote them asking for the price?—A. I think so.

Q. Do you know whether or not you also asked the Montreal Company to quote prices, and if so, did they quote them?—A. Oh, they did, yes.

Q. You ought to have the letter there?—A. I should have it but unfortunately, as I told you before, these letters have been removed from the main file in order to be given in a return to the House. Here is a memorandum by Mr. McPhail in which he states that these 85 mm. lamps are required, and I see here a letter addressed to the Diamond Light and Heating Company on September 21, 1910, from myself, in which I wrote as follows:—

GENTLEMEN,—In connection with the conversation which I had to-day with your Mr. Miller with a view to purchasing your 85 mm. incandescent equipments, would state that inasmuch as we have a number of 85 mm. Chance installations at the present time it is desirable that the mantel holders should be exactly the same size in order that we may use the standard Chance 85 mm. mantel to obviate the necessity of carrying different sizes of mantels for the same size of light.

I will be pleased to hear from you at your earliest convenience if the Chance 85 mm. mantel can be used on your lights satisfactorily. If not, can you make

your mantel holder and carrier of a suitable size?

It is understood that should we purchase any of these lights the price is to be \$600 packed ready for shipment f.o.b. your works, Montreal.

Q. Just one question, you bought light in 1909 from the Montreal company?—A. 1909? I think so, yes. Oh, yes.

Q. What was the price you paid?—A. For the 85 mm. light?

Q. Yes?—A. \$600 a piece.

Q. And the price quoted by Chance Bros. was?—A. The price quoted by Chance Bros. was \$876.

Q. What had you been paying Chance Bros. prior to that for similar lights?—A. I really do not know, it was prior to my time, and I do not know whether they purchased any 55 mm. lights from them.

Q. You say that the Department wrote Chance Bros. in 1909 and also the Montreal company in 1909?—A. I think the correspondence is on the other file. It was the custom always to make these inquiries in writing. There was a difference of \$276. In other words, I purchased at \$276 cheaper than we could get them from Chance Bros., the only other manufacturers we had been dealing with up to that time.

By Mr. Meighen:

Q. Would you read now the letters I drew your attention to, 7th of April and 17th April,—the latter from Chance Bros?—A. 17th April, 1909.

Q. I think you might read your own letter first.—A. (Reads):

7th April, 1909.

GENTLEMEN,—I beg to acknowledge your favour of the 26th ultimo and in this connection would state that we have decided to defer, for the present at least, the purchase of any more vapour installations on account of it being ascertained that the renewal parts for these lights are a considerable item in the maintenance of same.

It does not read very properly. (Resumes reading):

I might also mention that vapour light installations are now being manufactured in Canada. These have been tested by the Department and found very satisfactory, and by using these Canadian-made lights we can obtain the parts required at very short notice, which does not necessitate our carrying such a large stock. Apart from this fact, it is the policy of the present government to use as far as possible Canadian-made goods.

Now, that letter of mine is in reply to theirs of the 26th, and perhaps I might read that.

Mr. CARVELL.—Put in enough to make it intelligible.

Mr. MEIGHEN.—They wrote asking for business.

By Mr. German:

Q. What is the date of that letter?—A. March 26, 1909.

Q. Well, read it?—A. (Reads):

We have to acknowledge your letter of the 1st inst. and to inform you that we are about to introduce some improvements in our Incandescent Vapour Installations, and in consequence until these are finally settled we cannot give you the detail prices for the complete installations.

Evidently this is a reply to mine asking for prices.

(Resumes reading):

If, however, you will kindly specify the individual parts which you require or the number of new installations, we will be glad to forward them by the earliest possible steamers and guarantee the prices will be absolutely satisfactory to you and you shall receive the most improved Incandescent Vapour Installations yet placed on the market. As a basis we inclose you a list of the prices of the old installation as a guide, and we trust to hear from you by an early mail with the order in question.

We are, sir,

Your obedient servants,

For CHANCE BROS. & Co., LTD.,
(Sgd.) H. J. STOBART, *Director*.

Then there is the letter which I wrote to the effect that we desired to purchase these installations in Canada, to which they replied on April 17, 1909. (Reads):

DEAR SIR,—We have to acknowledge your letter of the 7th inst. and note that for the present it is not the intention of the Department to purchase any more vapour installations.

I may state that this matter was held up on account of the experiments and tests that were being made, and which you have I think in Mr. Macphail's report. (Resumes reading):

We note that vapour lights are now being manufactured in Canada, but we venture to suggest that the question of such lights for lighthouses is a very special matter, and grave risks are run as regards efficiency of the complete apparatus if the burners are not exactly suited to the particular apparatus.

You will understand that the optical apparatus has to be adjusted to the particular burner, otherwise the light would not be efficiently utilized, and power would be lost by some of the light being directed to the sky and other directions where it is not required. It is therefore considered of the utmost importance in lighthouse engineering that the maker of the optical apparatus should supply the burner which is to be used with it, in order that the complete apparatus may be tested as a whole, and its efficiency secured.

As regards the renewal of parts, it is not the general experience that the cost of upkeep is any more with vapour lights than with the old wick burners in lights over the 4th Order, and if your experience is contrary to this we suggest that the burners are not being worked properly; we shall be pleased to advise as to this if you give us particulars as to the number of mantels used per annum in a particular lighthouse and the number of vapour tubes, &c., which have had to be renewed during the period, and if you could send us any such parts which require renewals it would be of considerable assistance to us in suggesting the remedy.

As regards the necessity of obtaining spare parts at short notice, we can arrange for this by keeping a stock in Canada if necessary, although as we hold a considerable stock of spare parts here, these could easily be procured at comparatively short notice.

We trust you will carefully consider these facts before deciding against purchasing our vapour installations, at least for any new apparatus which we supply. We attach considerable importance to this, as we feel that the full efficiency of our apparatus can not be secured unless the burners are fitted in the apparatus before leaving our works.

We are, dear sir,
Yours faithfully,

For CHANCE BROTHERS & Co., LTD.
(Sgd.) H. J. STOBART, *Director*.

By Mr. Nickle:

Q. How do these lights compare as to efficiency?—A. Well, Mr. Macphail, who is the technical officer of the Department, could tell you. I cannot really say, I have no knowledge.

By Mr. Carvell:

Q. When did Col. Gourdeau cease his connection with the Department?—A. I think it was some time in May or June, 1908.

Witness discharged.

COL. F. GOURDEAU, called, sworn and examined:

By Mr. Carvell:

Q. You were for many years Deputy Minister of the Marine and Fisheries Department?—A. Yes.

Q. Did you have anything to do with the deciding upon the Diamond or with the giving of the order to the Diamond Light and Heating Company for business after the month of June, 1907?—A. No.

Q. None whatever?—A. No.

Q. Did you have any arrangement, either public or private, with Miller or with any member of the company referring to this business?—A. I do not think I have ever seen him in my life.

Q. And you know nothing about it whatever?—A. No.

By Mr. Meighen:

Q. You had nothing to do with the purchasing after 1907?—A. No.

Witness discharged.

W. H. NOBLE, called, sworn and examined:

By Mr. Carvell:

Q. What is your position?—A. Assistant commissioner of lights to the Marine Department.

Q. Where are you stationed?—A. At headquarters here at Ottawa.

Q. I thought you were at Prescott?—A. I was for a number of years.

Q. Do you remember making a report to the Department in the month of November, 1905, respecting the Diamond Light and Heating Company? If necessary I will read the report to you, or do you remember it?—A. I have some recollection.

Q. Perhaps you might look at it (hands document to witness)?—A. Yes, I remember making these reports.

By Mr. Meighen:

Q. That is dated 18th November, 1905?—A. Yes.

By Mr. Carvell:

Q. The substance of it was that the Diamond light was not an efficient light. Was that true at that time?—A. At that period, after repeated tests with it, we found that we could not rely on it as thoroughly efficient. It was liable to break-downs.

Q. Well, then, in 1908, your report practically is that it is perfect, or as near perfect as a light of that kind could be. Do you still adhere to that report?—A. I do.

Q. What had been the different conditions between 1905 and 1908?—A. Well, there was not very much change in the lamps. I think there was an adjustment of the sub-flames, to maintain the vapourizing of the oil and the mixture of air for combustion. They did well enough in summer, but when there was a change of temperature the sub-flame did not give enough heat to the generator tube, and they did not work, and the consequence was that the light went down, and was unsuitable for lighthouses.

Q. But the light had been improved in the meantime?—A. Very much improved.

Q. So much so that you feel like standing by the substance of the report you made in 1908?—A. I do.

Q. Have you made any further experiments or do you know that any have been made?—A. I know that from time to time these tests have been made at Prescott,

comparative tests, with other burners such as the Matthews and Chance and the French burner, and the Diamond light burner came out ahead not only in the candle power of the light but in the simplicity of its working, so that it is more suited for our light-keepers who are without special training.

Q. To put it plainly, do you concur in the decision of the Department to purchase the Diamond lights at the present time?—A. I do.

Q. And do you contend that it is the best light of its kind that is made to-day?—A. I do.

Q. Do you know anything about the price, or does Mr. Dautre attend to that?—A. Well, I have heard the prices mentioned.

Q. You have nothing personally to do with that?—A. No.

Q. Now, I want to ask you a question, I think I know what the answer will be; however, I will give you an opportunity to reply to it: had you ever any talk or any arrangement with Mr. Miller, or any other person representing the Diamond Light and Heating Company, either directly or indirectly, for the purpose of securing business from the government to that company?—A. None whatever.

Q. And did you, either directly or indirectly, ever receive an offer or promise of a commission, or did you ever receive any commission for obtaining business from the government for that company?—A. I never received any, I have never received anything in any shape or form whatever.

By the Chairman:

Q. Did you have any offer made to you?—A. Well, I am on my oath—I did.

Q. What was the offer?—A. The offer was to give me stock in the Company.

Q. To give you stock in the Company?—A. Yes—well, I should explain in justice to the Diamond Light and Heating Company that they felt themselves indebted to me because I was the party that took it up, in the interests of the Department to secure a better light than we had, and they felt that they were in some measure indebted to me for my knowledge as I am an expert in lighthouse apparatus.

Q. They felt under a moral obligation?—A. Yes, and they did not know in what form they could give me any recompense, and so they made me an offer of some stock, but I replied, 'No, I could not possibly take anything from the Company because I was with the Marine Department.'

Q. What amount of stock did they offer?—A. Well, I do not know, it was Mr. Miller who made the offer.

Q. Mr. Miller made you the offer?—A. Yes.

Q. How long ago was that?—A. I could not say the number of years, it was either three or four years ago.

Q. Was it since 1907?—A. Well, I cannot be sure—I just barely remember the circumstances.

Q. How long have you been in your present position?—A. Since 1903.

By Mr. Carvell:

Q. Then, as I understand it, the offer was made in reward for services?—A. In reward, yes.

Q. In perfecting the light and not for the purpose of obtaining business?—A. Oh, no.

Q. I do not know that there was anything improper in that, however, I am glad you did not accept it, that is all.

By Mr. Nickle:

Q. Does the value of these lights depend upon their efficiency?—A. Certainly.

Q. Then a light of greater efficiency, at the same price, would be cheaper to the Department than one of less efficiency?—A. That would depend upon the comparative measure of the two burners.

Q. In the difference of the two candle powers?—A. The lighting power of the apparatus would be important.

Q. But the lamp that gives the biggest light would be the cheapest to the Department provided the price was the same?—A. There are some other conditions which have to be taken into account. As I have stated, these Diamond light burners are so much easier to handle by our keepers, we have to take untrained men.

Q. What I was driving at is this, taking one light producing a candle-power of 1,750 and the other with a candle-power of 2,000, with the same material, which would be the cheapest light to the Department?—A. Well, of course, theoretically, the higher candle power light would be the cheaper, if everything else were equal.

Q. Coming from the theoretical to the practical what would you say?—A. I would be very much guided by the cost of the upkeep of those lights, that is the cost of the separate parts.

Q. Of the two lights, which is the cheaper in upkeep?—A. The Diamond is much cheaper.

Q. Why?—A. Because the vapourizing parts, which are the principal parts to give out are much more simple in construction and adjustment than in the Chance light.

Q. Do I understand that was the reason you went into negotiations with the Diamond Light and Heating Company for the mantels and parts?—A. I do not think I made any point about the mantels.

Q. You heard what Mr. Doutre said?—A. Of course it is desirable that there should be a standard for all parts.

Q. Assuming that the Diamond light could be used on the Chance parts that would account for the increase in cost of upkeep?—A. No, that is not the only one, the mantel.

Q. What are the other parts?—A. The most important parts are the vapourizing. Is not the mantel one of the chief parts?—A. Well, the mantels are of all qualities, I am not prepared to say what advantage there may be in one mantel over another.

Q. Why do you say that this Company were under a moral obligation to you which led them to make you an offer of stock?—A. I did not say they were under a moral obligation.

The CHAIRMAN.—I think it was I who suggested that.—A. It was virtually that they recognized—well I might explain that when I saw the original lamp it was a table lamp, and I thought we could develop that lamp and make it a good light, because, I may say, the lens apparatus for the most important stations was not satisfactory and there were considerable losses on account of not having any efficient light. The lights in Canada have been improved all the way from 600 up to 1,000 per cent by the introduction of these lights.

Q. As an official of the Government you would not lay down the doctrine that a Government official was entitled to be given stock in a Company simply because he makes suggestions for improvements in the interests of efficiency?—A. No. I did not accept it.

Q. Answer the question, please?—A. No, certainly not, I took the stand that I could not do it.

Q. You think it was quite improper for you to take the stock?—A. Certainly.

Q. Then it was equally improper for the company to make you that offer?—A. That is for the company.

Q. That is for you? Do you think it was improper for them to make you that offer?—A. It was not proper for me to take it, I say that by all means.

Q. Was it proper for them to make the offer?—A. They may not set up the same standard as I do; I am not their judge.

Q. Your standard was that it was an improper offer?—A. My standard was that as an officer of the Marine Department I could not accept it.

Q. And it was made to interest you in favour of their lights?—A. I am not warranted in saying that.

Q. Was it or not?—A. I recognize that I did something for them for which I got no recompense.

Q. Did it interest you in favour of their light?—A. I am not prepared to say that.

By Mr. McKenzie:

Q. On this question of the efficiency of the light, its continuity, or the certainty that the light would be continuous in any one lamp as different from the other, would you regard that as a matter of importance?—A. Certainly, it is very important for the lighthouses.

Q. The fact that a lamp would go out is a very grave defect is it not?—A. A very grave defect.

Q. And you found this lamp to be a surer light than any other?—A. Yes.

Q. And you regard that as a prime factor in its use?—A. Yes. There is another point that I should express here, and that is that in the old country where they use these Chance burners there is a man in constant attendance, according to their rules he is never away from the lights for ten minutes, he has to be watching it constantly, but we in Canada haven't anything of that kind.

Q. This lamp is operated by clockwork, you wind it up?—A. No, it is operated by compressed air, the oil is driven into the burner.

Q. How long can they run without attendance?—A. They run all night, but of course they have to be filled and to be pumped up again.

Q. Have you a lantern that requires some attendance every four hours or so?—A. Oh, that was that Prescott lantern in which the oil had to be driven up by pressure.

Q. That is the one I hear them talking about in our part of the country, that requires to be wound up by clockwork?—A. Yes, they were large concentric wicks, and required attention, and were practically a failure.

Q. And these lamps were kept going all night without attendance?—A. That is why I recognized all those points when I was anxious to introduce this vapour light, because I saw the advantage of it.

Witness discharged.

J. G. MAC/HAIL, called, sworn and examined.

By Mr. Carvell:

Q. What position do you occupy in the Department?—A. Commissioner of Lights.

Q. For how long have you held that position?—A. Since about ten months, I would judge, that is, since I have been actually appointed.

Q. And before that?—A. I was acting commissioner since April, 1908.

Q. And prior to that?—A. I was an engineer on the staff of the Commissioner of Lights.

Q. For how long?—A. The spring of 1905.

Q. Have you been in the Department having to do with the lights since 1905?—A. Yes.

Q. I think you made a recommendation as to the Diamond Company's lamp sometime in 1908? Have you a copy there of that?—A. Yes.

Q. I see there are several documents of that date, the 15th day of April, 1908, and that is one?—A. Yes.

Q. It is signed 'J. G. M.' Are those your initials?—A. Yes.

Q. Look over the file?—A. You want to see some more.

Q. Whatever you have bearing on the subject. I think there is one long document bearing on this subject?—A. That was made by my predecessor in office. It is dated March 30. I took charge of the work about two days later than the date of this memorandum.

Q. And that was March 30?—A. That is so.

Q. You took charge about the 1st day of April?—A. The first week of April.

Q. And when you took charge of the work you found that memorandum of Fraser's?—A. In fact I had been working on this scheme.

Q. From your previous knowledge of the lights department, do you concur in the statements and findings of Fraser's report of March 30, 1908?—A. I do.

Q. Unqualifiedly?—A. Unqualifiedly.

Q. It is on page 23 of the evidence. Now, Mr. Macphail, did you make any report subsequent to that?—A. Yes, I have one here.

Q. What is the date of that?—A. April 15, 1908.

Q. I think that is also in the minutes on page 25. I think there is one on April 15 that we did not get on the minutes, No. 118 on the file?—A. That is my report, yes.

Q. In that report you stated that the Diamond Company's lights are the cheapest?—A. These are not lights at all, these are machines for occulting.

Q. What do you say as to the efficiency, cost, and general usefulness of the Diamond light as compared with any other lights in the world known to-day?—A. It is the best.

Q. Have you taken means to satisfy yourself that it is the best, and if so, tell me what means you have taken?—A. About the year 1905—I am not exact as to the date—the Department employed a gentleman by the name of Brebner, who was a lighthouse engineer in the employ of Chance Bros. for a number of years and also of Parbier, Benard & Turenne.

Q. That is the French firm?—A. The Paris manufacturers.

Q. And Chance Bros. are the principal English dealers?—A. Yes, the only one in fact. This man was employed by the Department, and was sent to make a report on the light vapour installations in the world, which were five in number. He put in an extensive report giving an account of the tests he had made, and his finding was that the Chance light and the Diamond light were about equal.

Q. The Chance and the Diamond?—A. Were about equal. Now, it appears that the Diamond light is an easier light to handle, to manipulate, by the untrained man.

Q. Do you consider that an important element from a Canadian standpoint?—A. It is so important that no matter how efficient the apparatus may be in the care of an experienced man, it might be useless in the hands of an untrained keeper, if it could not be kept up to its maximum efficiency.

Q. Are the keepers of lights in Canada trained before being appointed to the positions? They are taken from the ordinary walks in life aren't they?—A. From the ordinary walks in life, and trained in the particular apparatus they have to handle.

Q. After their appointment?—A. Yes, when they are installed we usually send officers to the station to instal the incoming keeper and show him the different buildings, the different apparatuses, what they are for, and how to handle them. We consider that men can be trained to handle these lights in three or four days.

Q. You were going to describe what took place in 1905?—A. I was speaking of the report which this Mr. Brebner made, and it was upon those tests, and upon that report that the Department took its position.

Q. Do you remember about what time that report was made?—A. In 1906—I would not be sure as to the month—I think June, 1906.

Q. Can you give me the substance of that report?—A. Well, it is a report of about forty or fifty pages.

Q. Give us the substance, bearing in mind that I asked you as to a comparison of the various lights as to efficiency?—A. You might leave that question over for a few minutes and I will send for a copy of the report.

Q. Just give us the general substance of the report?—A. The substance of it was that of the five lights tested the Diamond and the Chance were reported by Mr. Brebner to be about equal.

Q. Now, from your experience since that date, what do you say yourself?—A. I say that the Diamond light is much more simple in operation.

Q. What do you say as to its efficiency?—A. It is fully as efficient as the Chance, it has been improved since.

Q. What about the cost of operation that is as to the material consumed?—A. Well, the oil consumed in each case is about the same, in fact there is so little difference that it is not worth talking about.

Q. Then you say that the report of this expert reduces the matter down to the Chance light and the Diamond light?—A. Yes.

Q. And the Diamond light and the Chance light of the same power each, you say, consumes about the same amount of oil?—A. Yes.

Q. And they each have the same illuminating power?—A. Practically.

Q. And the Chance light is more simple?—A. No.

Q. Or rather the Diamond light is more simple in operation, and for that reason you think it is a better light for Canada?—A. Clearly.

Q. Do you know about the cost?—A. I know the price of it.

Q. What do you say about the cost of the Chance and the Diamond light?—A. One size light, the 25 mm. the smallest size used, is purchased from the Diamond people at \$200 less per light than the smallest size can be obtained from the Chance firm. The next size is \$75, I think it is, somewhere about it.

Q. Cheaper than the Chance light?—A. Cheaper, and the next size again is \$100 cheaper, and the largest size is \$276 cheaper.

Q. Then, as to the parts, what is the comparison as to the cost of parts?—A. As Mr. Noble explained, the Diamond parts being simpler, are cheaper.

Q. Then, Mr. McPhail, have you any hesitation whatever, as Commissioner of Lights, with the present knowledge in the possession of yourself and the Department, in declaring that the Diamond light is the best light in the world to-day for the Dominion of Canada?—A. It is the best.

Q. Pardon me, Mr. McPhail, if I ask you another question. Have you ever had—did Mr. Miller or any other person in the Company ever approach you with any offer of a commission, or reward in any way, either directly or indirectly, in order to obtain a contract from the Department?—A. No, there was not even a hint.

Q. And I suppose it is not necessary to suggest that you did not get anything?—A. No.

Q. You knew Mr. Miller, of course?—A. Oh, yes.

Q. As manager of the Company he called upon you many times, no doubt, in your official capacity?—A. Yes, he came to my office frequently.

By Mr. Rhodes:

Q. He never made you any offer?—A. Never.

By the Chairman:

Q. Were you ever offered stock in the company?—A. No.

By Mr. Nickle:

Q. What do you mean by the word 'practically'?—A. Nearly.

Q. What do you mean by the word 'nearly'?—A. Well, that they are about the same candle power.

Q. What would you call a light of 2,000 candle power—supposing one light were of 2,000 candle power and the other of 1,900, would you say that they were practically the same?—A. No, I would say that in a light of that power the difference would be 100.

Q. Were these lights tested at all?—A. Yes.

Q. At Prescott?—A. Certainly.

Q. And have you the report of the test?—A. We have many reports.

Q. Have you the report made when the lights were tested?—A. The lights were tested frequently.

Q. Will you give me a result of that test between the Chance light and the other?—A. I have sent over to the Department for it, it will be here in a few minutes.

Q. I think I saw a copy of it here this morning?—A. I do not think you did.

Q. If you have it, let us have the report?—A. I have the report.

Q. Well read that clause where the candle power capacity is referred to?—A. He says that the maximum candle power of 1,777 candles was obtained during the first hour of the test.

Q. Which light was this?—A. This was the Diamond light, the test of the 85 mm. light, and the average candle power was 1,669 and the minimum, during the last hour of the test, 1,440.

Q. Has he compared the Chance light?—A. I do not see any report of the Chance light here. (Examines file.) I find here a report from Prescott, dated June 11, 1910.

Q. That is what I am looking for, I think. What do you find there?—A. He says (reads):

A continuous test was made during a period of eight and three-quarter hours. The burner, tubing, and tank being perfectly clean at the beginning of the test, and three gallons of imperial lighthouse oil carefully filtered and placed in tank. The pressure was kept constant at 65 pounds throughout the test, and so forth.

A maximum of 2,350 candle-power was obtained during the third hour of the test. The average candle-power was 2,140 c.p. and the minimum candle-power was reached during the seventh hour of the test and was 2,020 c.p.

Q. Now, I want you to compare that. In the Diamond light the maximum was 1,778 c.p.?—A. That is so.

Q. The average was 1,669?—A. The average here was 2,140.

Q. And the minimum was there?—A. 2,020.

Q. And in the Diamond was 1,440?—A. That is so.

Q. Do you consider that practically the same?—A. No, I do not consider that practically the same.

By Mr. Carvell:

Q. Have you made many tests?—A. We have made many tests.

Q. What did you find?—A. It is difficult to speak from memory on the figures, but we had an average test of 2,000 and over with the Diamond light.

Q. What is that?—A. We have had tests showing a candle-power of over 2,000 for the Diamond subsequently. I may explain that we are testing the various apparatuses in conjunction with those lights.

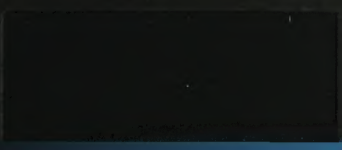
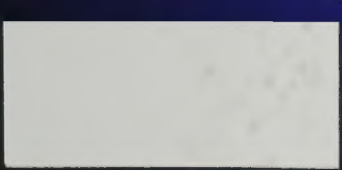
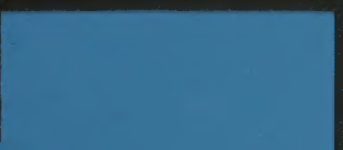
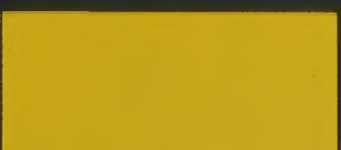
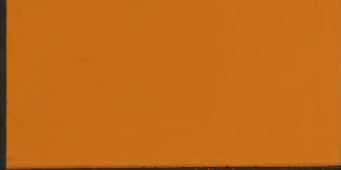
Q. Then you still say from your continuous tests, you still contend that the Diamond light is the best light from the Canadian standpoint?—A. Yes, considering all the factors that enter into the position.

Witness discharged.

The CHAIRMAN.—Mr. Meighen has proposed a motion that the minutes of these proceedings be reported to the House. Is it the pleasure of the committee to adopt the motion?

Motion carried.

Committee adjourned.



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